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MISSOURI

LEGAL MALPRACTICE INSURANCE REPORT 2000

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MISSOURI DEPARTMENT OF INSURANCE
STATISTICS SECTION

**MISSOURI
LEGAL
MALPRACTICE
INSURANCE
REPORT
2000**

**Missouri Department of Insurance
Statistics Section
August 2001**



Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Real Estate Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
Missouri Mortgage Guaranty Report
Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.



DEFINITION OF TERMS

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

Direct Premiums Written: The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Direct Premiums Earned: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Direct Losses Incurred: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.



LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1991 to 2000.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 15 Supplement to the companies' annual statements, are presented in the final section.

In 2000 the loss ratio for legal malpractice insurance in Missouri was a **negative** 185.5 percent, which means insurers wrote off overreserves from previous years of claims. That contrasted with a 1999 loss ratio of 114 percent, which meant insurers expected to pay more than total premiums earned. For the 10-year period of claims closed¹, 658 (25 percent) were closed with payment. Claims closed in 2000 totaled 264 or a 17 percent decrease from the previous year.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense (legal fees, claims adjustment costs, etc.) - has fluctuated over the past 10 years. In 2000, the average loss adjustment expense for all claims closed with payment was of \$53,407, while the expenses for all claims, closed with or without payment, averaged only \$12,947.

In producing this report, indemnities paid on closed claims have been categorized by claim characteristics. The number of closed claims, average paid claim and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission which was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

¹Claims closed may have resulted from incidents in any previous period.



By area of law, the largest share of claims closed in 2000 (74 out of 264) was initiated by plaintiffs in *personal injury and property damage cases*.

The largest proportion of all claims closed in 2000, as well as the 10 years, involved the *commencement of the legal action or proceeding*. *Failure to know or ascertain deadlines correctly* was the most common reason stated for filing a claim in 2000. The alleged error that generated the largest number of claims over the 10-year span — 377 — was also *failure to know or ascertain deadline correctly*, followed by *planning or strategy error* with 347 closed claims. Fifty-two percent (52%) of all claims paid during 2000 were settled *before filing suit or demanding hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis, years admitted to practice and insured/claimant relationship are also reported. The three spans of years admitted to practice are: *under 4 years*, *4 to 10 years* and *more than 10 years*. The largest proportion of losses in 2000 — 97 percent — occurred among attorneys with *more than 10 years in practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service*, *non-client*, *member of pre-paid legal plan* and *client other than the preceding*. Most claims of 2000 — 91 percent — occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only seven companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri for 2000. The Bar Plan Mutual Insurance Company has commanded at least 71 percent of the legal malpractice insurance market in this state, each year, since 1986.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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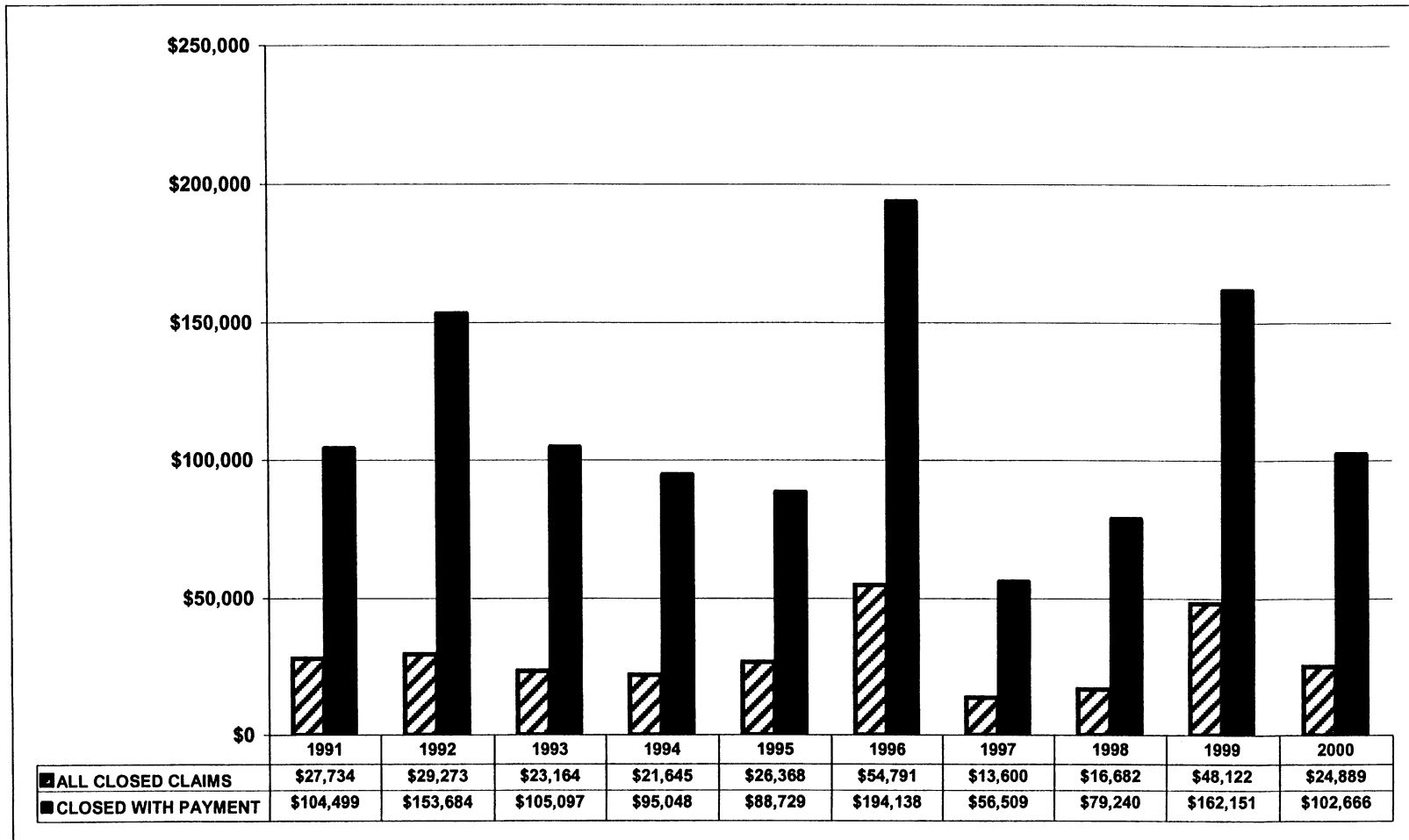
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**TEN YEAR
SUMMARY
(1991 - 2000)**



MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID CLAIM

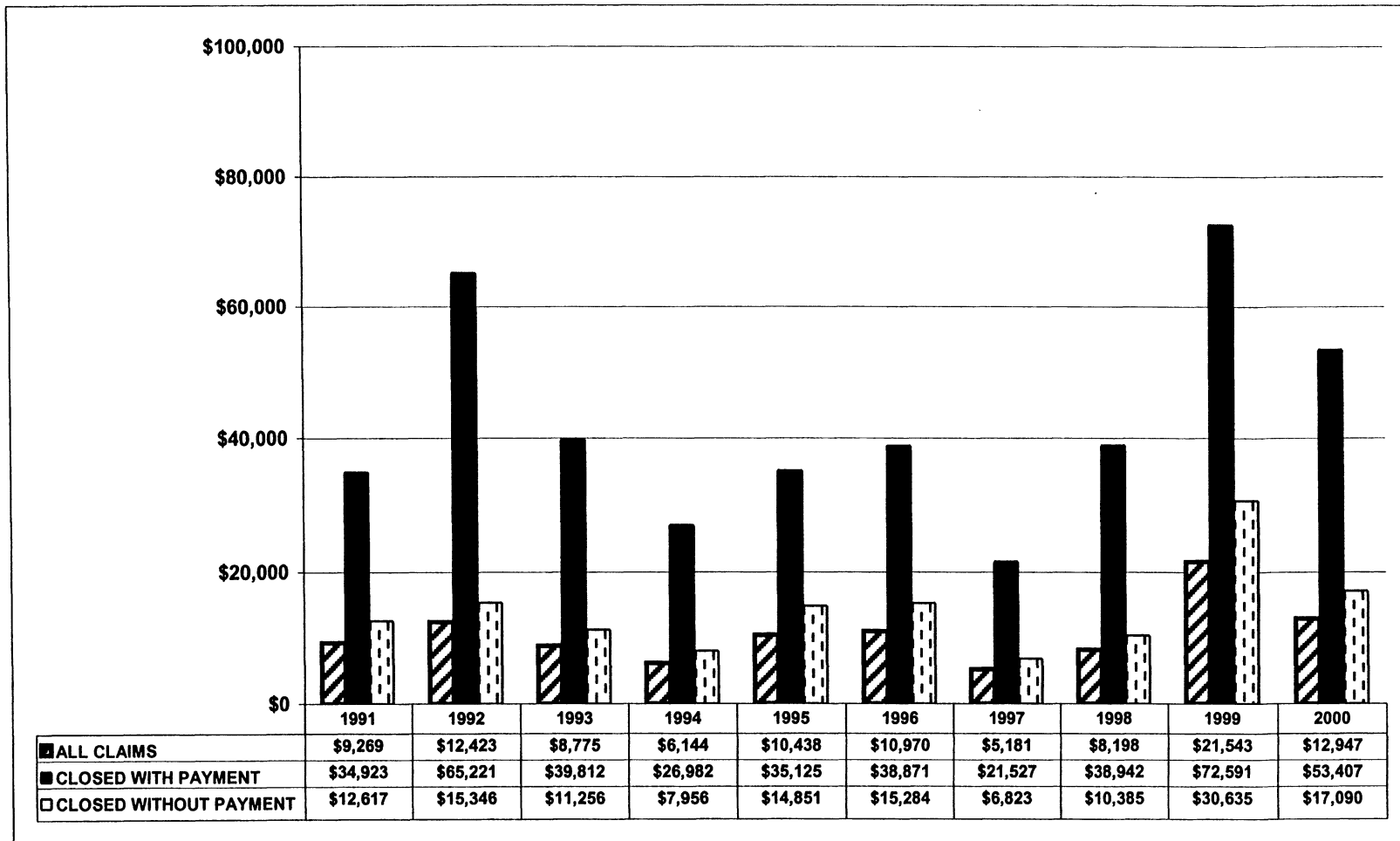


**LEGAL MALPRACTICE EXPERIENCE
TEN YEAR SUMMARY
(1991 – 2000)**

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,662	100.0%	\$76,734,616	\$28,826	\$28,315,562	\$10,637
Closed with Payment	658	24.7%	\$76,734,616	\$116,618	\$19,212,975	\$29,199
Closed without Payment	2,004	75.3%	\$0	\$0	\$9,102,587	\$4,542
Claims Settled Through Court Proceedings	201	7.6%	\$11,827,806	\$58,845	\$8,551,477	\$42,545
Court Proceedings Resulting in Payment	52	2.0%	\$11,827,806	\$227,458	\$4,882,319	\$93,891

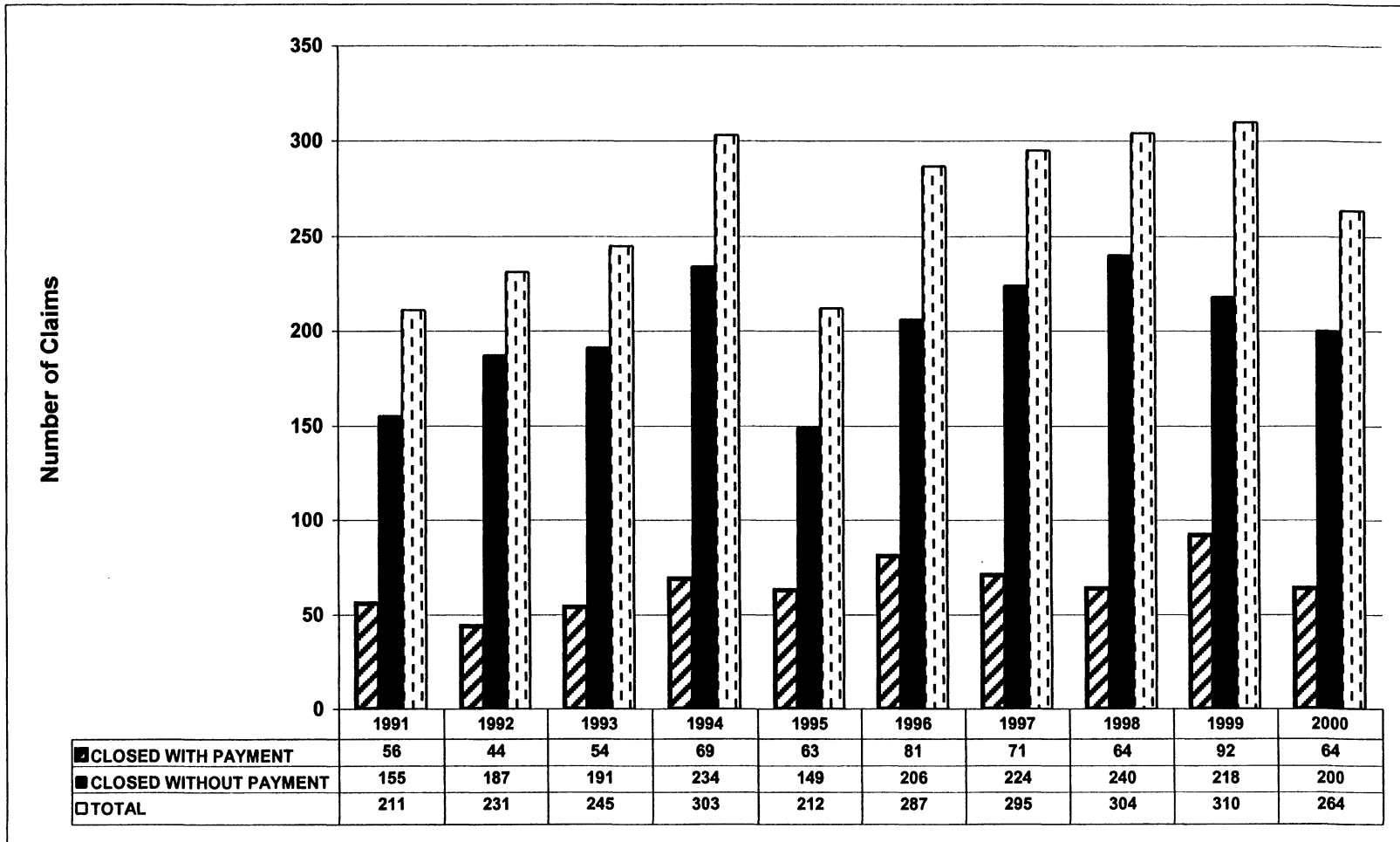
MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID LOSS ADJUSTMENT EXPENSE



MISSOURI LEGAL MALPRACTICE INSURANCE

CLAIM COUNT 1991 - 2000



**TEN YEAR SUMMARY
&
2000 SUMMARY
BY
AREA OF LAW**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1991 – 2000

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	695	243	36.93%	\$81,854	\$19,890,415	25.92%	\$5,513
ESTATE, TRUST & PROBATE	283	78	11.85%	\$76,449	\$5,963,059	7.77%	\$7,824
FAMILY LAW	282	58	8.81%	\$55,429	\$3,214,911	4.19%	\$5,986
COLLECTION & BANKRUPTCY	253	57	8.66%	\$73,712	\$4,201,600	5.48%	\$5,007
BUSINESS TRANSACTION/COMMERCIAL LAW	247	57	8.66%	\$210,458	\$11,996,116	15.63%	\$23,532
REAL ESTATE	235	48	7.29%	\$28,510	\$1,368,483	1.78%	\$7,160
CRIMINAL	120	8	1.22%	\$24,156	\$193,250	0.25%	\$2,414
BI/PD - DEFENDANT	109	21	3.19%	\$263,492	\$5,533,330	7.21%	\$8,534
WORKERS COMPENSATION	88	25	3.80%	\$33,451	\$836,277	1.09%	\$2,477
CORPORATE & BUSINESS ORGANIZATION	62	14	2.13%	\$161,429	\$2,260,000	2.95%	\$20,743
SECURITIES (S.E.C.)	46	8	1.22%	\$1,996,539	\$15,972,309	20.81%	\$127,887
CIVIL RIGHTS & COMMISSION	44	3	0.46%	\$231,000	\$693,000	0.90%	\$8,153
LABOR LAW	44	9	1.37%	\$146,227	\$1,316,043	1.72%	\$11,338
TAXATION	37	10	1.52%	\$64,480	\$644,799	0.84%	\$15,832
LOCAL GOVERNMENT	34	3	0.46%	\$6,000	\$18,000	0.02%	\$10,088
CONSUMER CLAIMS	27	3	0.46%	\$55,100	\$165,301	0.22%	\$16,858
PATENTS, TRADEMARKS, COPYRIGHTS	22	5	0.76%	\$56,759	\$283,796	0.37%	\$13,113
CONSTRUCTION (BUILDING CONTRACTS)	11	4	0.61%	\$115,417	\$461,666	0.60%	\$15,432
GOVERNMENT CONTRACTS & CLAIMS	8	2	0.30%	\$833,631	\$1,667,262	2.17%	\$40,843
IMMIGRATION & NATURALIZATION	7	0	0.00%	N/A	\$0	0.00%	\$10,735
ANTITRUST	5	0	0.00%	N/A	\$0	0.00%	\$19,549
ADMIRALTY	2	1	0.15%	\$15,000	\$15,000	0.02%	\$6,718
ENVIRONMENT	1	1	0.15%	\$40,000	\$40,000	0.05%	\$0
TOTAL	2,662	658	100.00%	\$116,618	\$76,734,616	100.00%	\$10,637

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2000

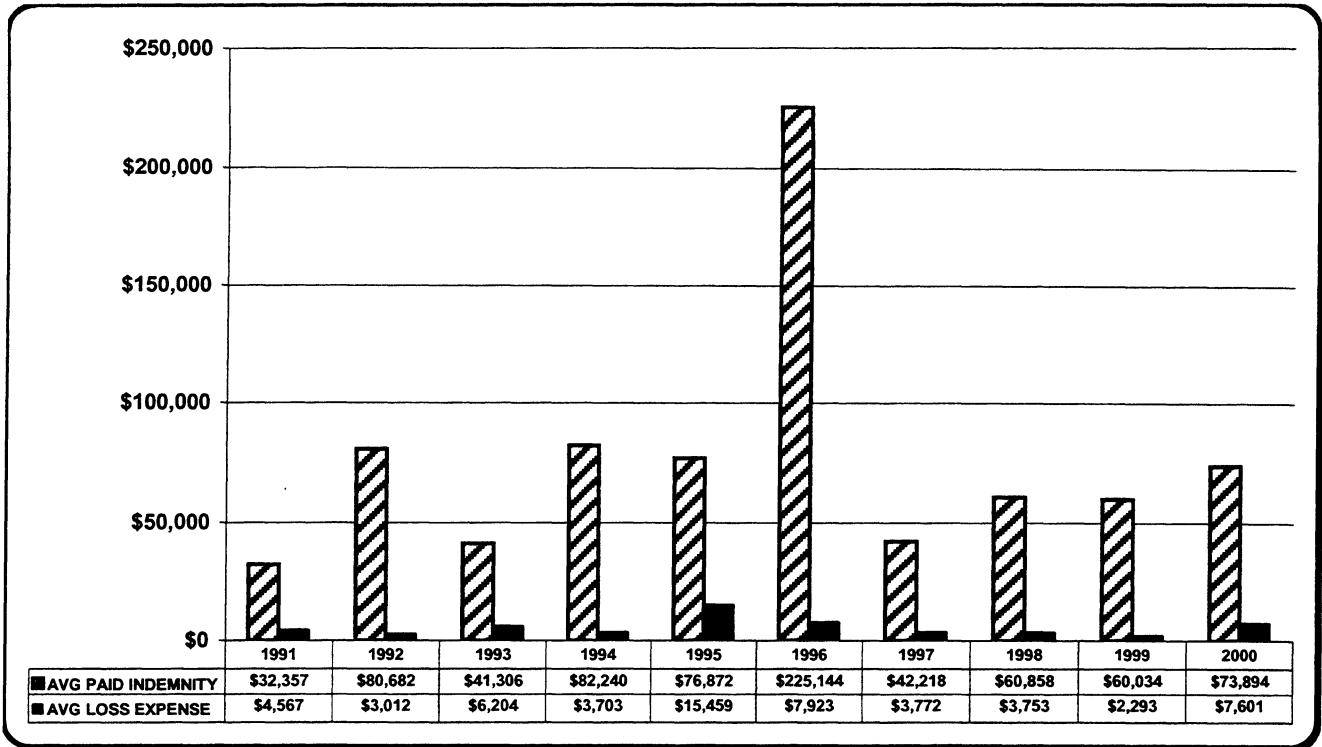
AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	74	26	40.63%	\$73,894	\$1,921,231	29.24%	\$7,601
FAMILY LAW	31	8	12.50%	\$19,508	\$156,067	2.38%	\$1,907
COLLECTION & BANKRUPTCY	29	4	6.25%	\$451,541	\$1,806,162	27.49%	\$7,711
ESTATE, TRUST & PROBATE	29	7	10.94%	\$154,284	\$1,079,989	16.44%	\$5,399
REAL ESTATE	16	4	6.25%	\$32,075	\$128,300	1.95%	\$23,271
BUSINESS TRANSACTION/COMMERCIAL LAW	13	4	6.25%	\$194,362	\$777,446	11.83%	\$59,263
CONSUMER CLAIMS	13	1	1.56%	\$3,650	\$3,650	0.06%	\$19,454
BI/PD - DEFENDANT	9	2	3.13%	\$37,500	\$75,000	1.14%	\$16,783
CORPORATE & BUSINESS ORGANIZATION	9	1	1.56%	\$139,500	\$139,500	2.12%	\$22,328
WORKERS COMPENSATION	7	2	3.13%	\$4,757	\$9,514	0.14%	\$87
CIVIL RIGHTS & COMMISSION	6	0	0.00%	N/A	\$0	0.00%	\$6,488
CRIMINAL	6	1	1.56%	\$11,250	\$11,250	0.17%	\$1,559
ANTITRUST	4	0	0.00%	N/A	\$0	0.00%	\$24,405
LABOR LAW	4	2	3.13%	\$36,250	\$72,500	1.10%	\$16,604
SECURITIES (S.E.C.)	4	0	0.00%	N/A	\$0	0.00%	\$0
TAXATION	4	1	1.56%	\$250,000	\$250,000	3.80%	\$71,274
GOVERNMENT CONTRACTS & CLAIMS	2	0	0.00%	N/A	\$0	0.00%	\$0
IMMIGRATION & NATURALIZATION	2	0	0.00%	N/A	\$0	0.00%	\$37,234
CONSTRUCTION (BUILDING CONTRACTS)	1	0	0.00%	N/A	\$0	0.00%	\$0
PATENTS, TRADEMARKS, COPYRIGHTS	1	1	1.56%	\$140,000	\$140,000	2.13%	\$96,129
TOTAL	264	64	100.00%	\$102,666	\$6,570,609	100.00%	\$12,947

**TRENDS
OF THE TOP TEN
AREAS OF LAW
OF 2000**

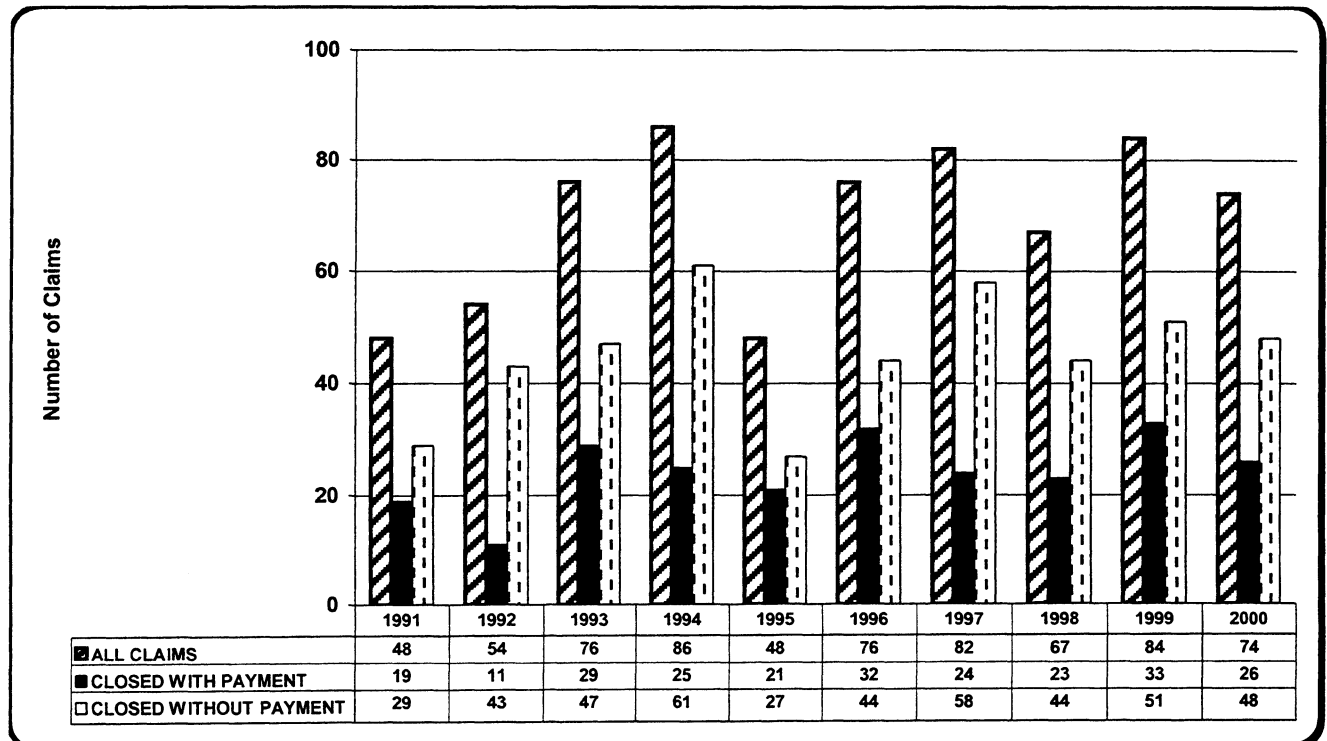


PERSONAL INJURY/PROPERTY DAMAGE - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

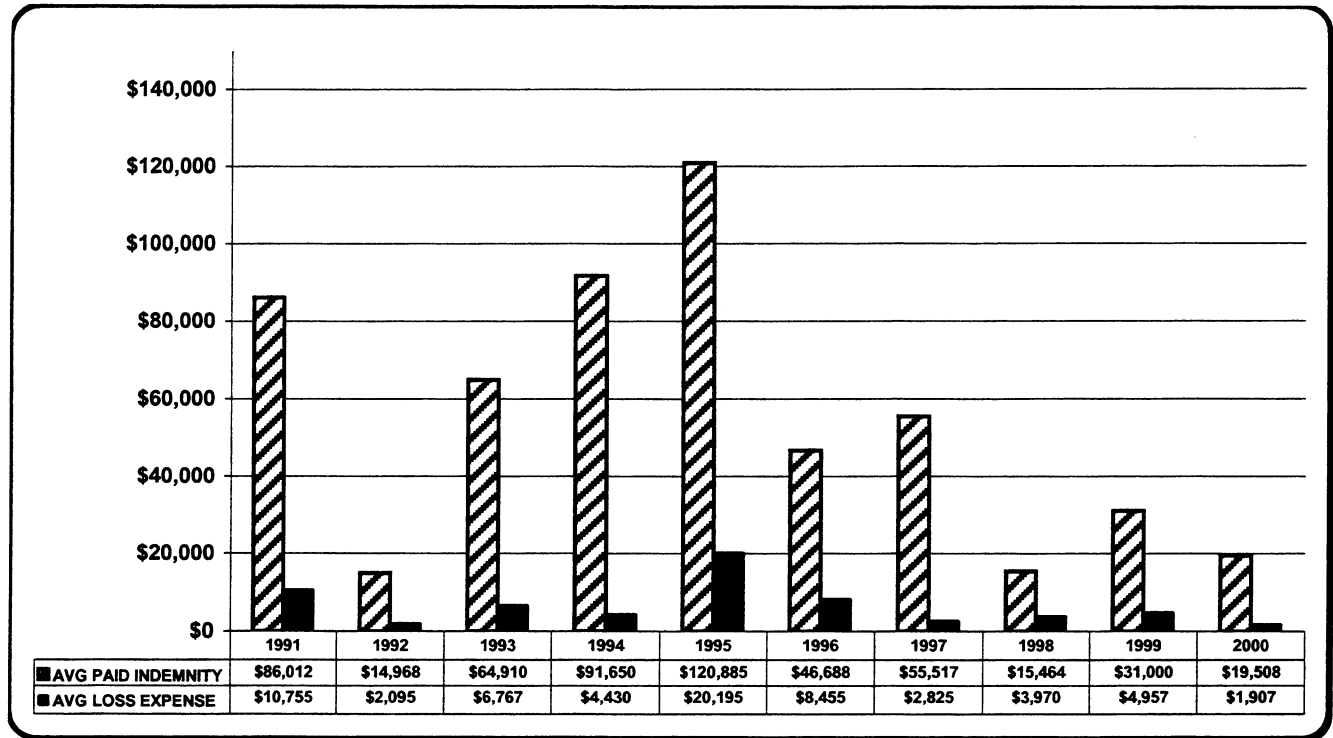


CLAIM COUNT

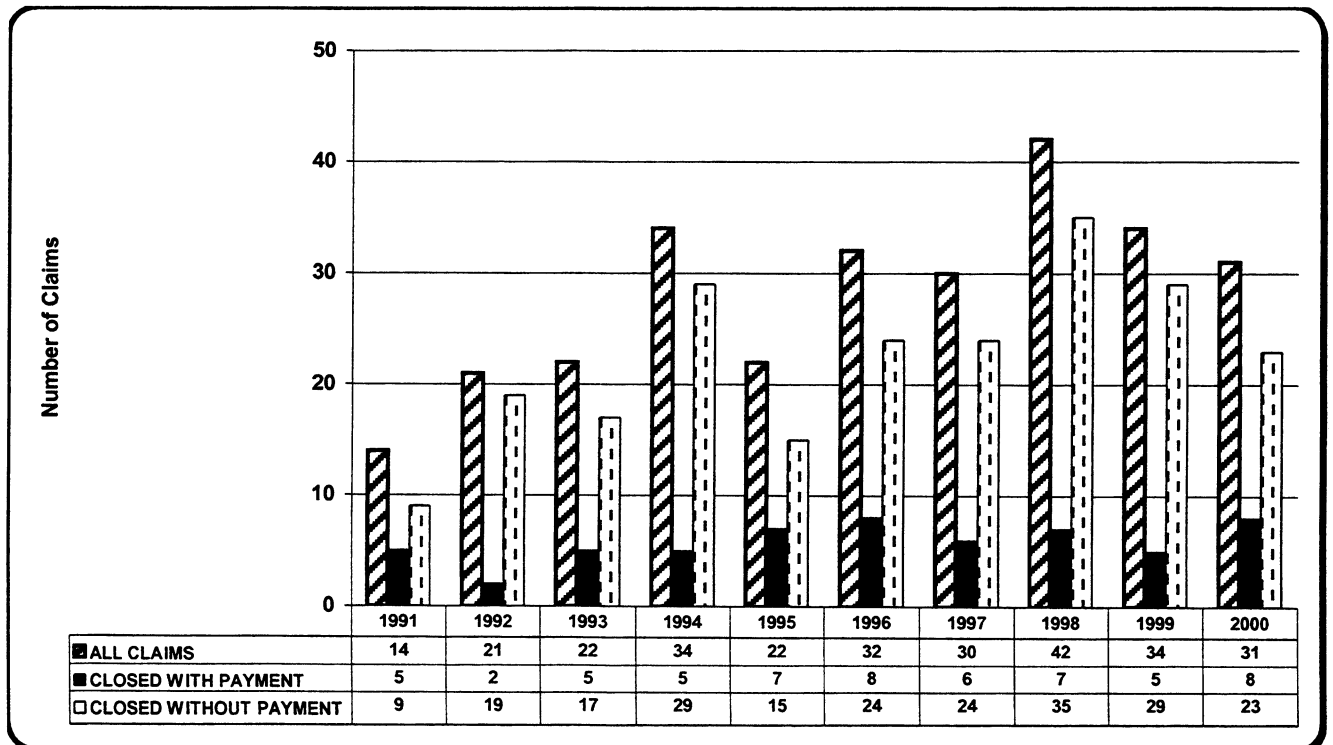


FAMILY LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

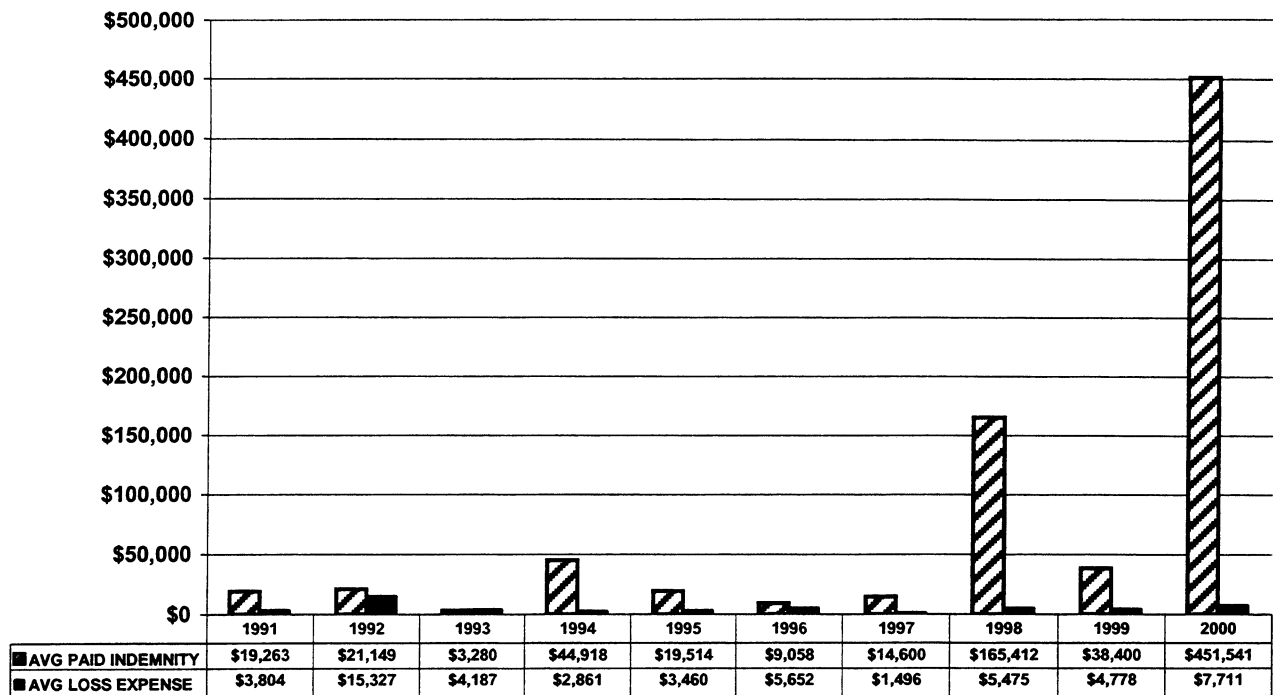


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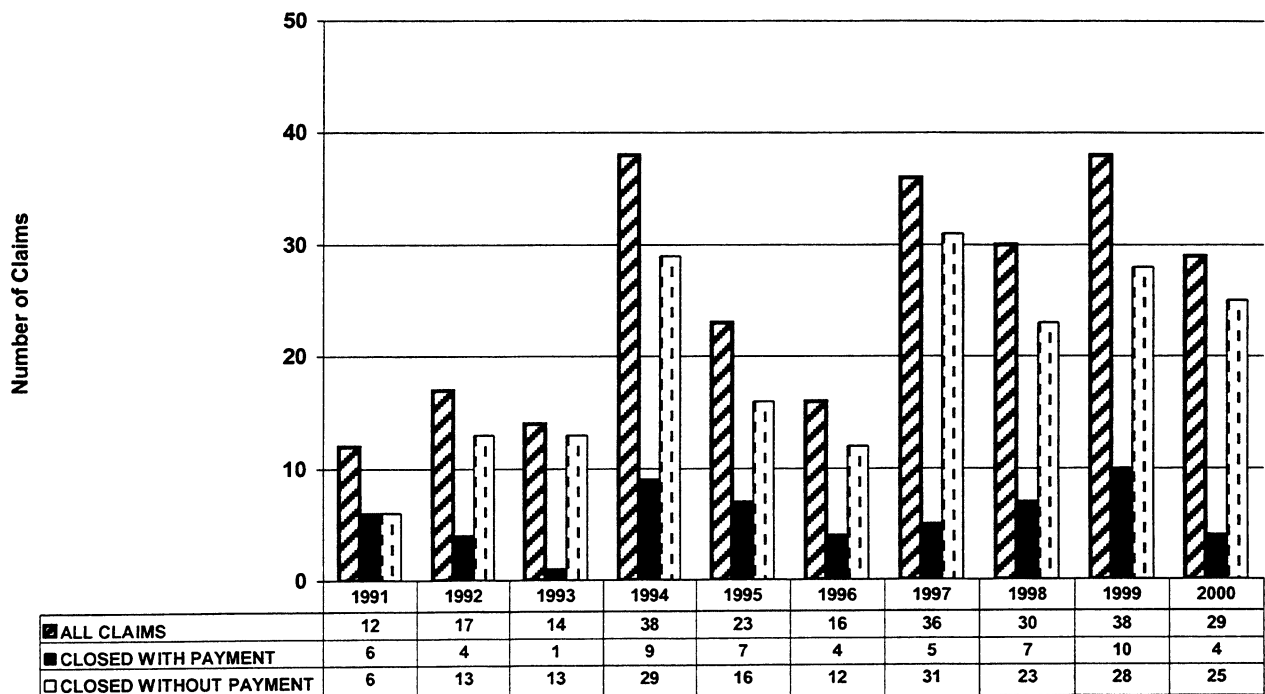


COLLECTION & BANKRUPTCY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

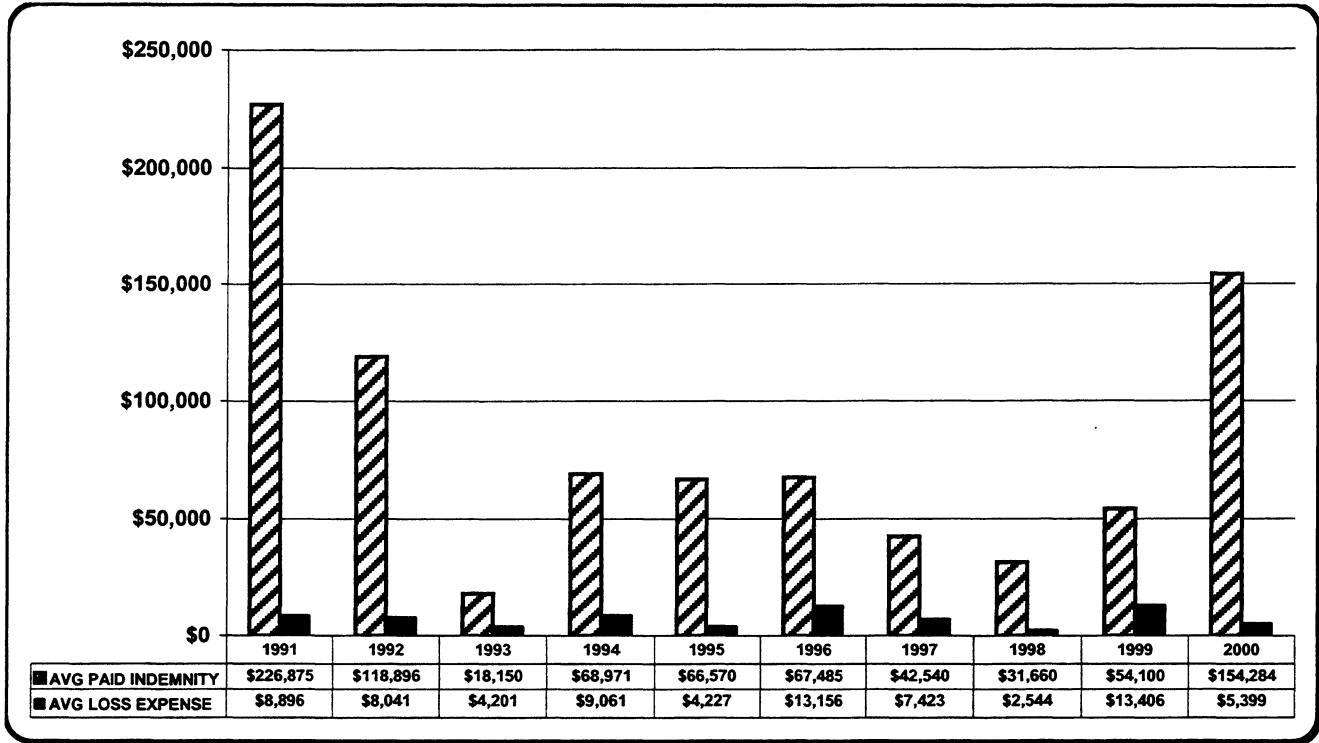


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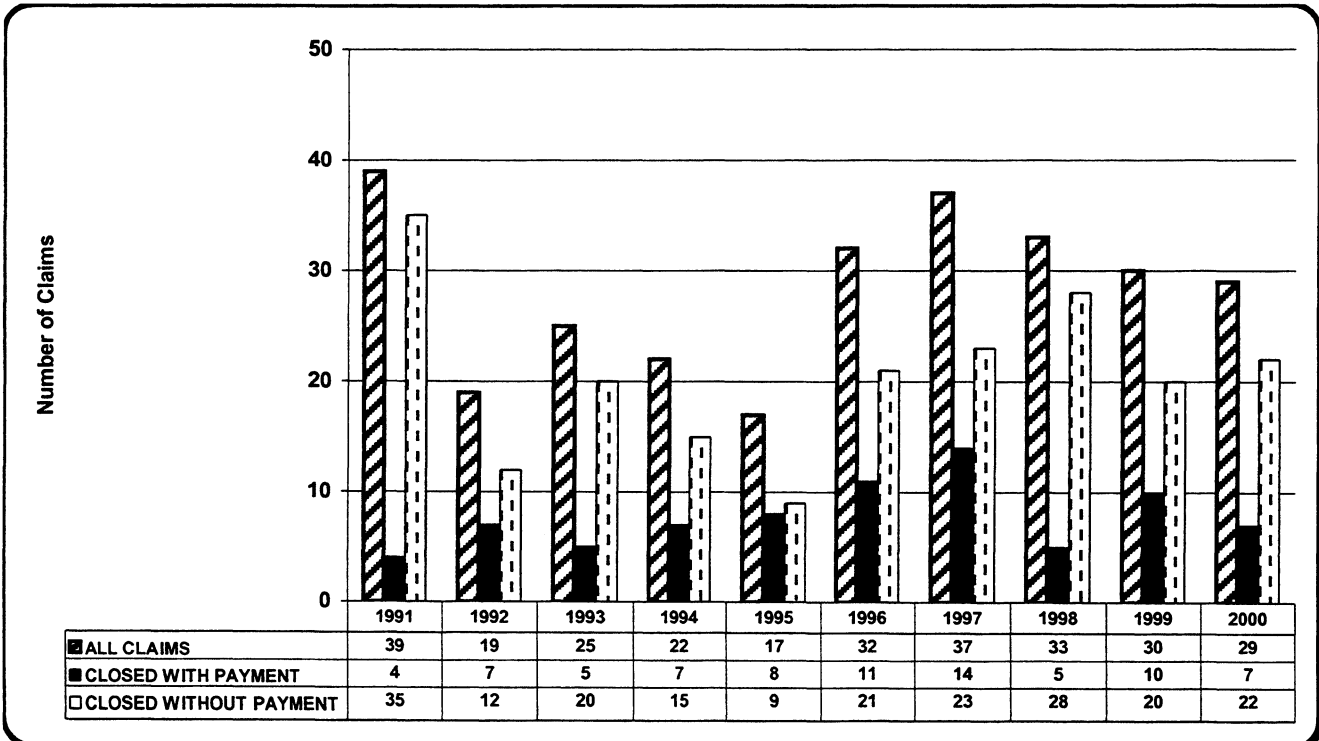


ESTATE, TRUST & PROBATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

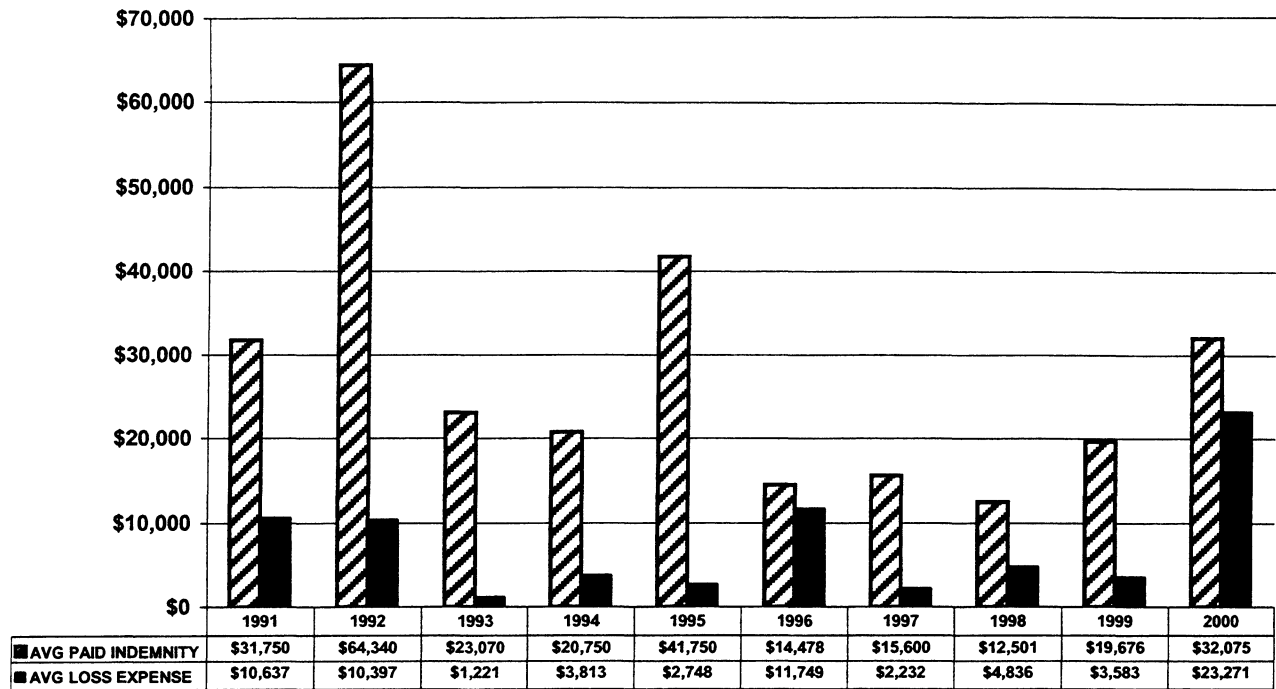


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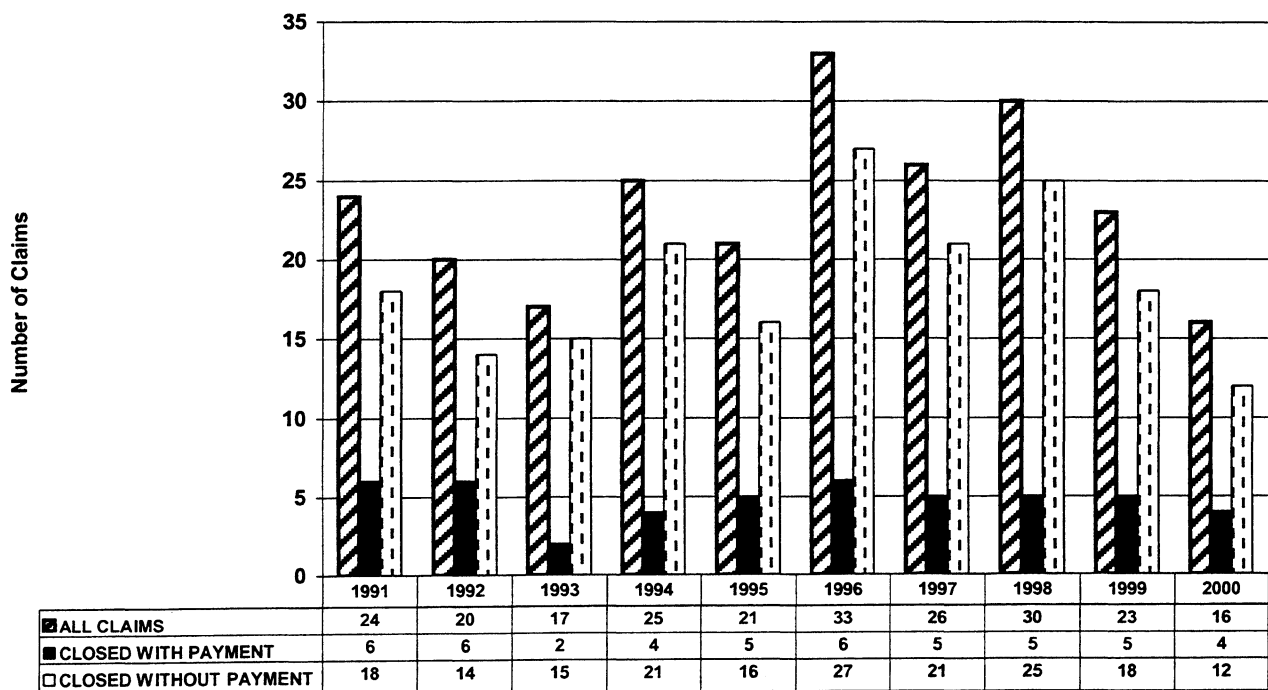


REAL ESTATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

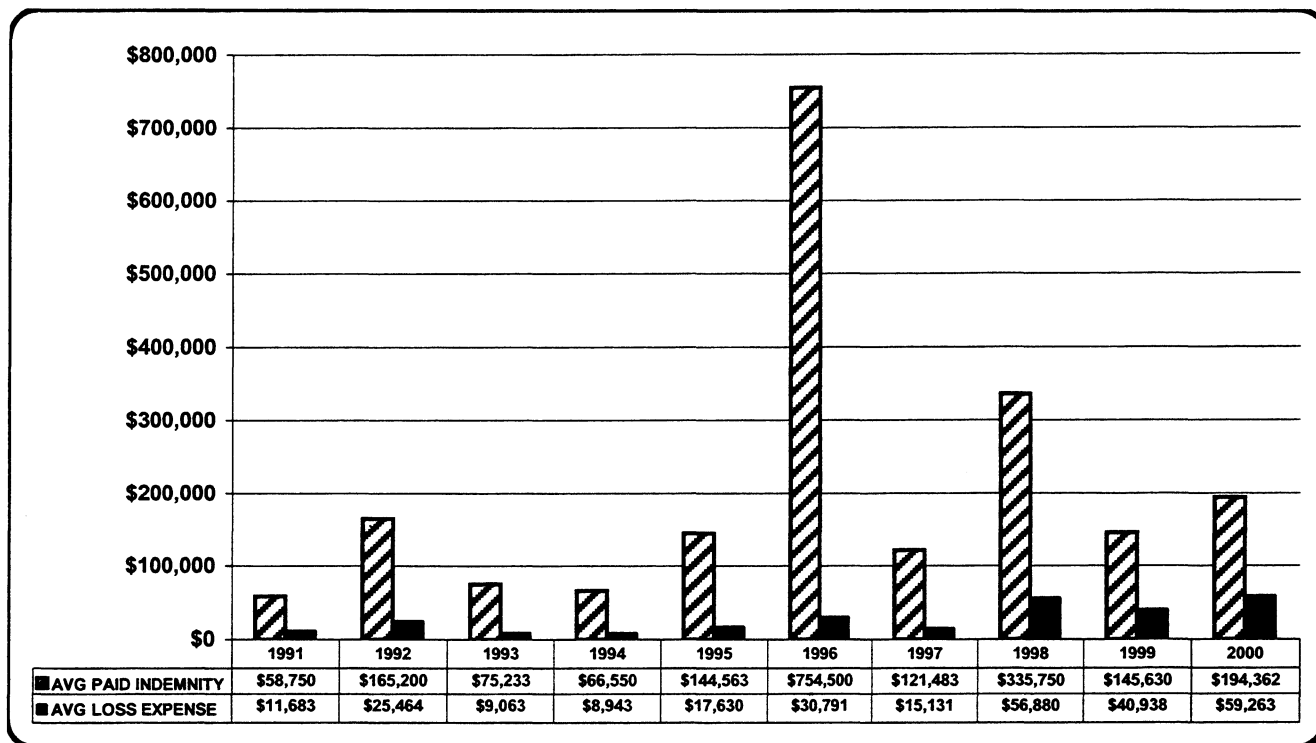


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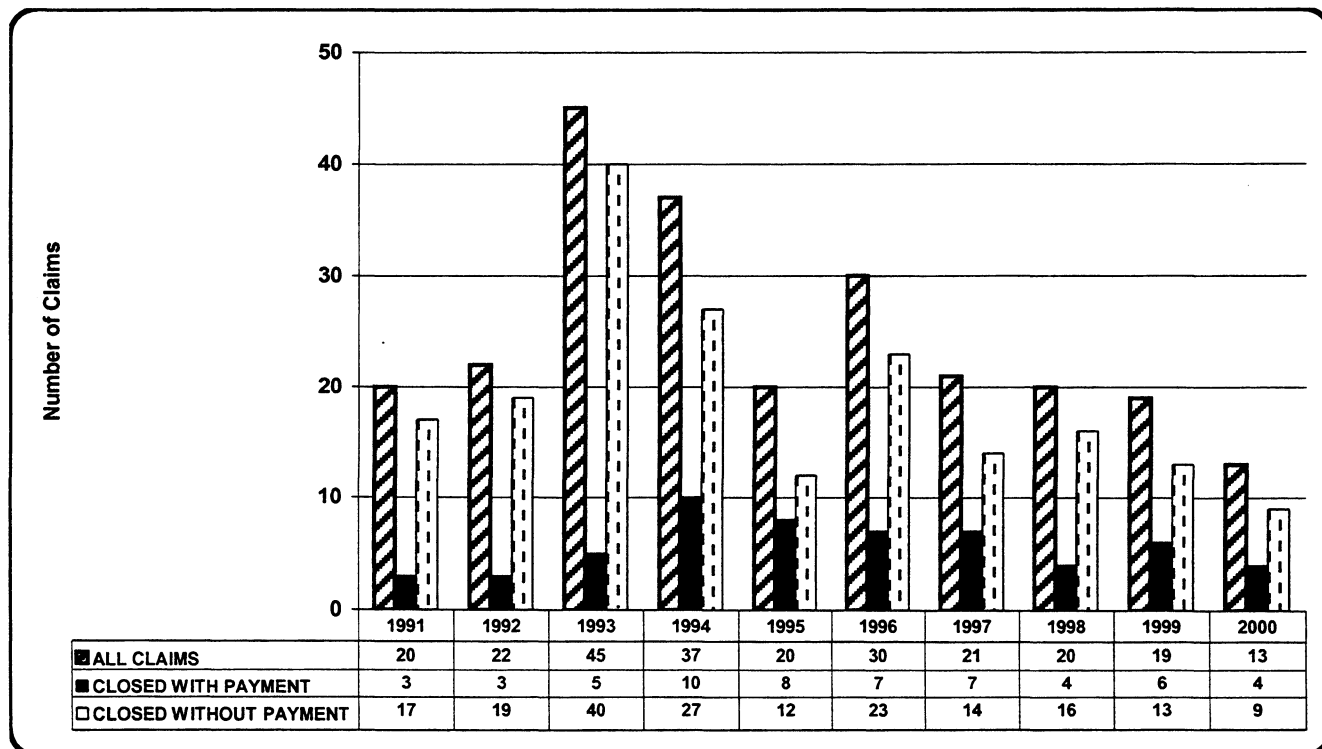


BUSINESS TRANSACTIONS/COMMERCIAL LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

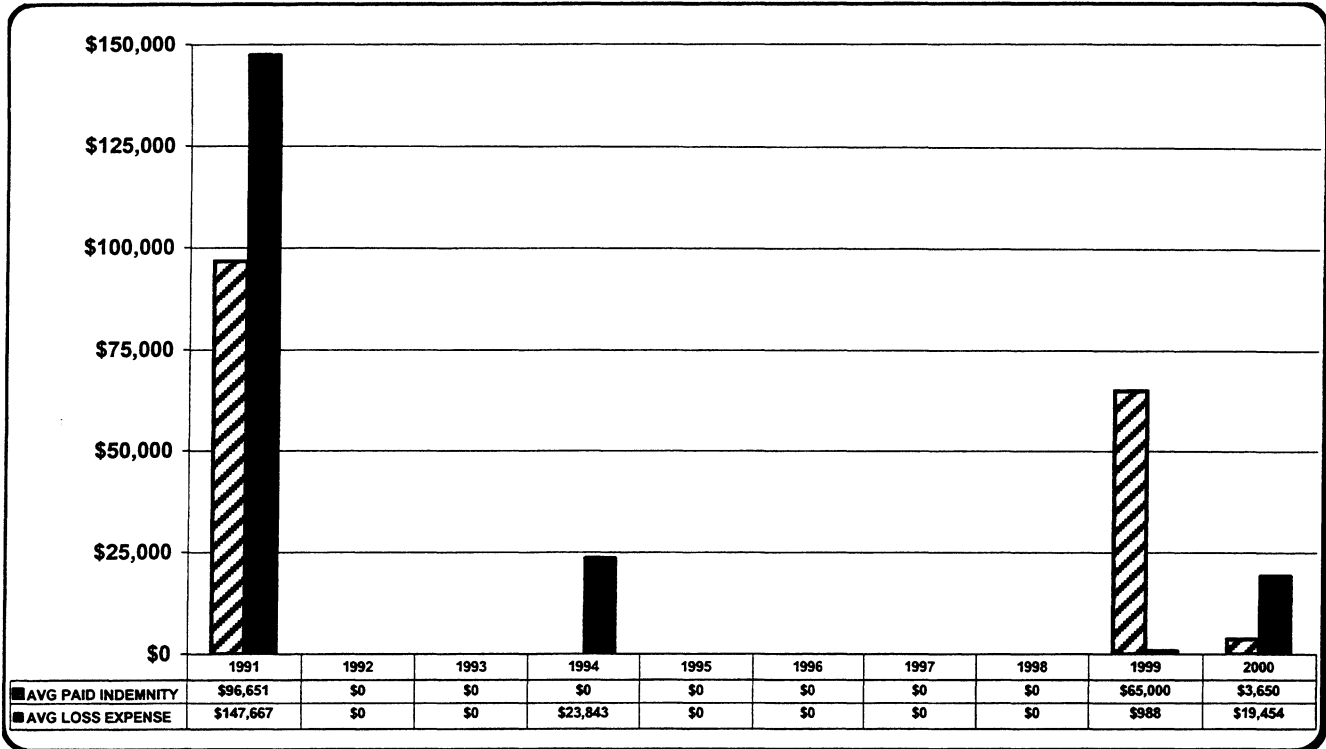


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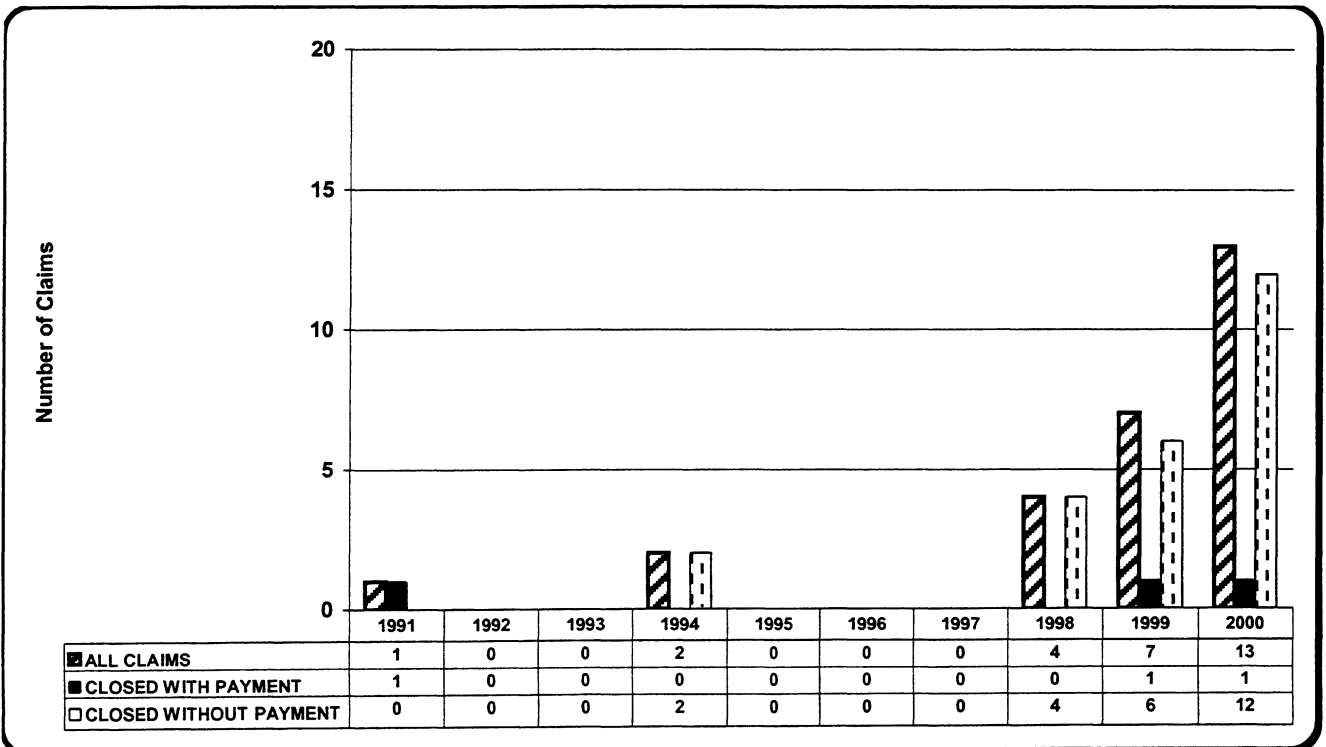


CONSUMER CLAIMS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

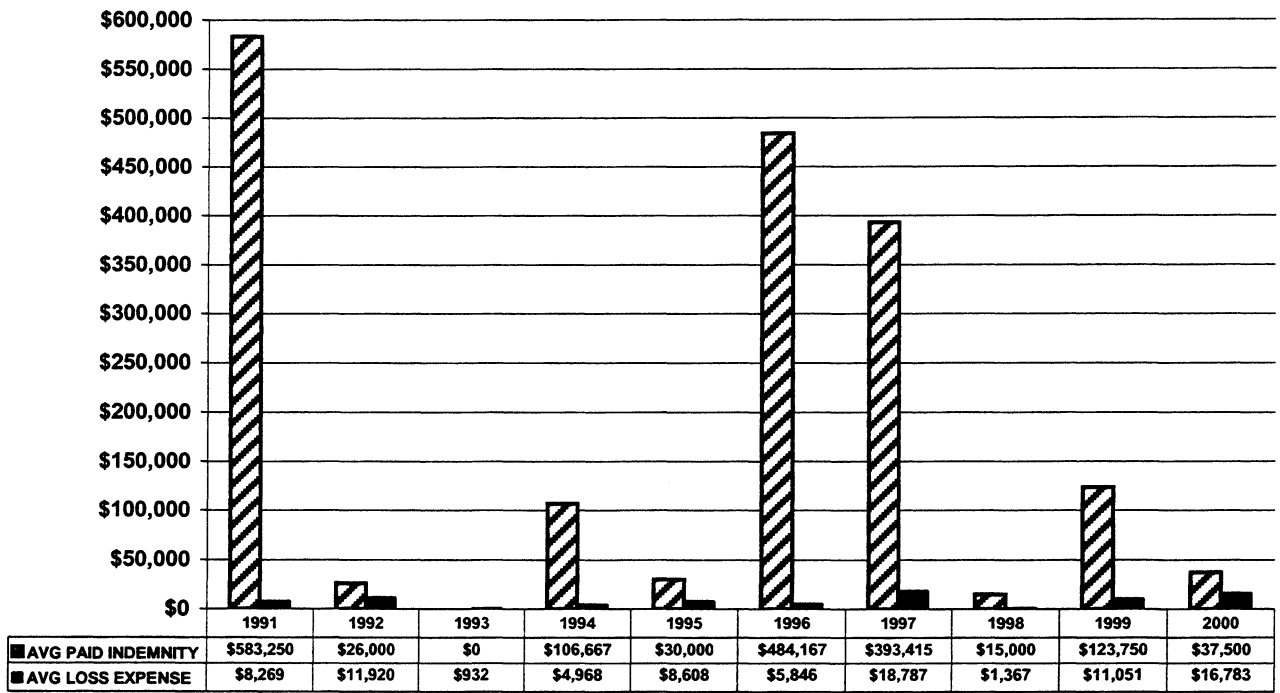


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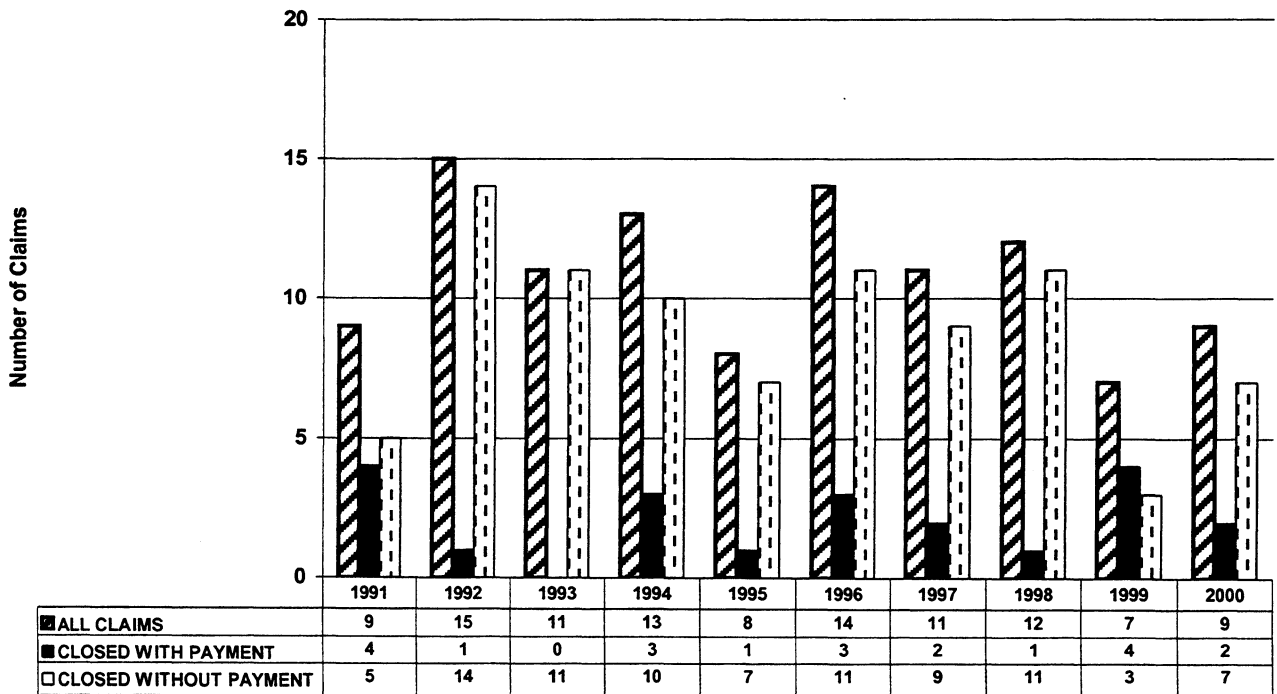


PERSONAL INJURY/PROPERTY DAMAGE - DEFENDANT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

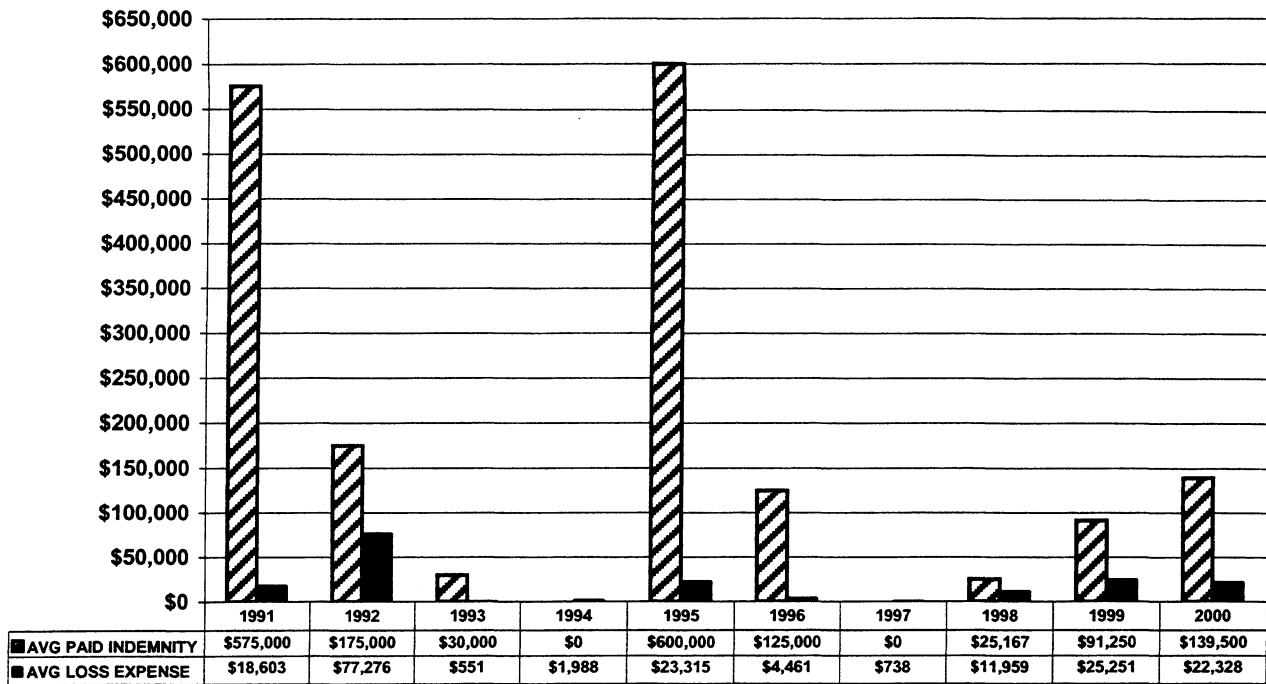


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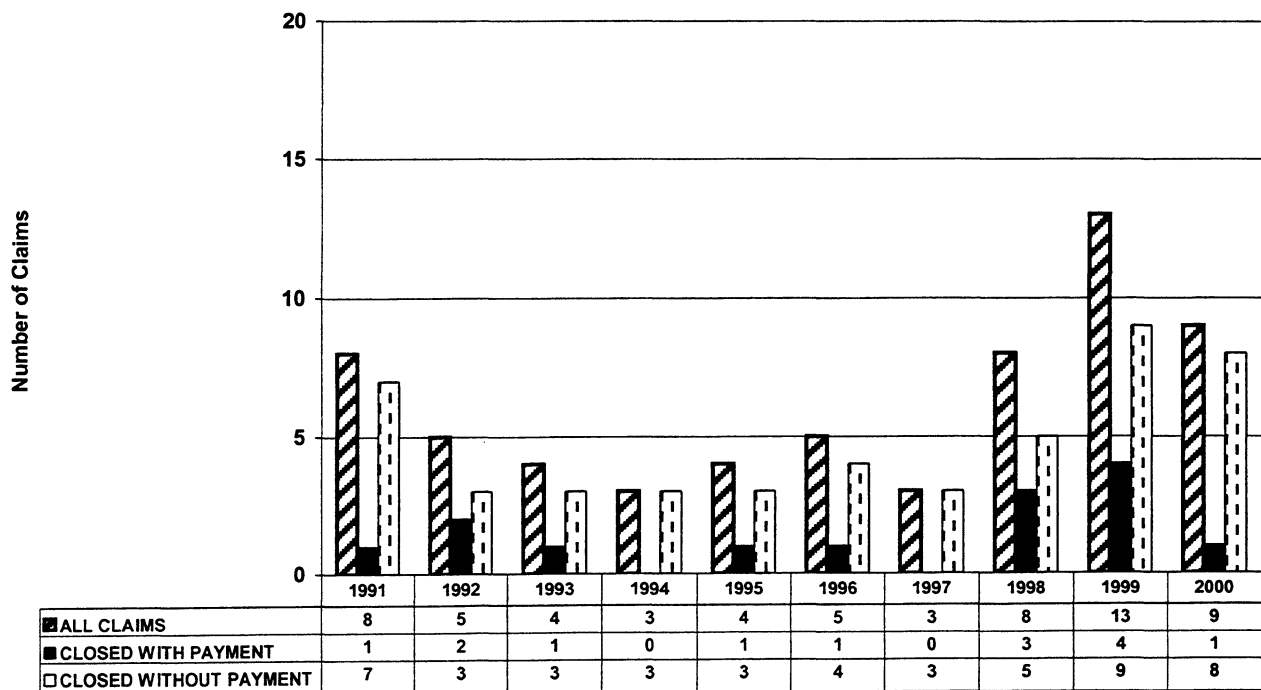


CORPORATE & BUSINESS ORGANIZATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

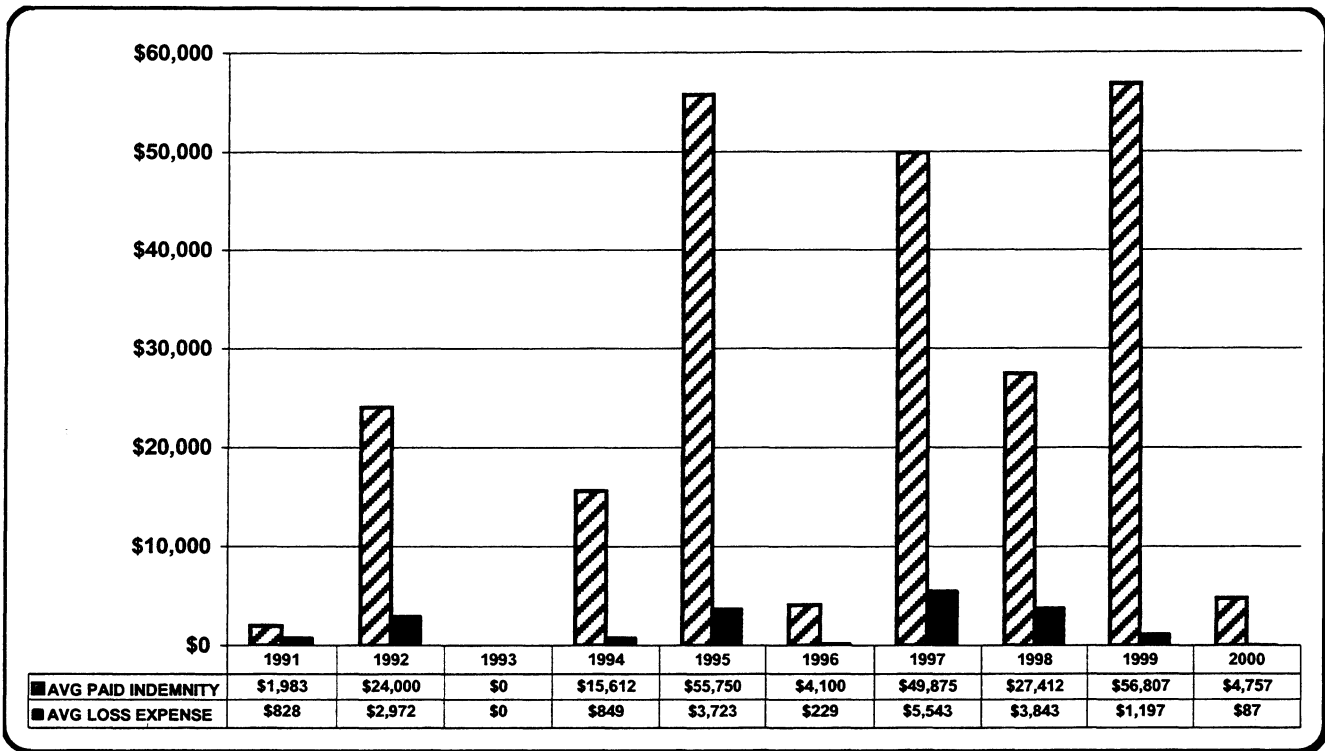


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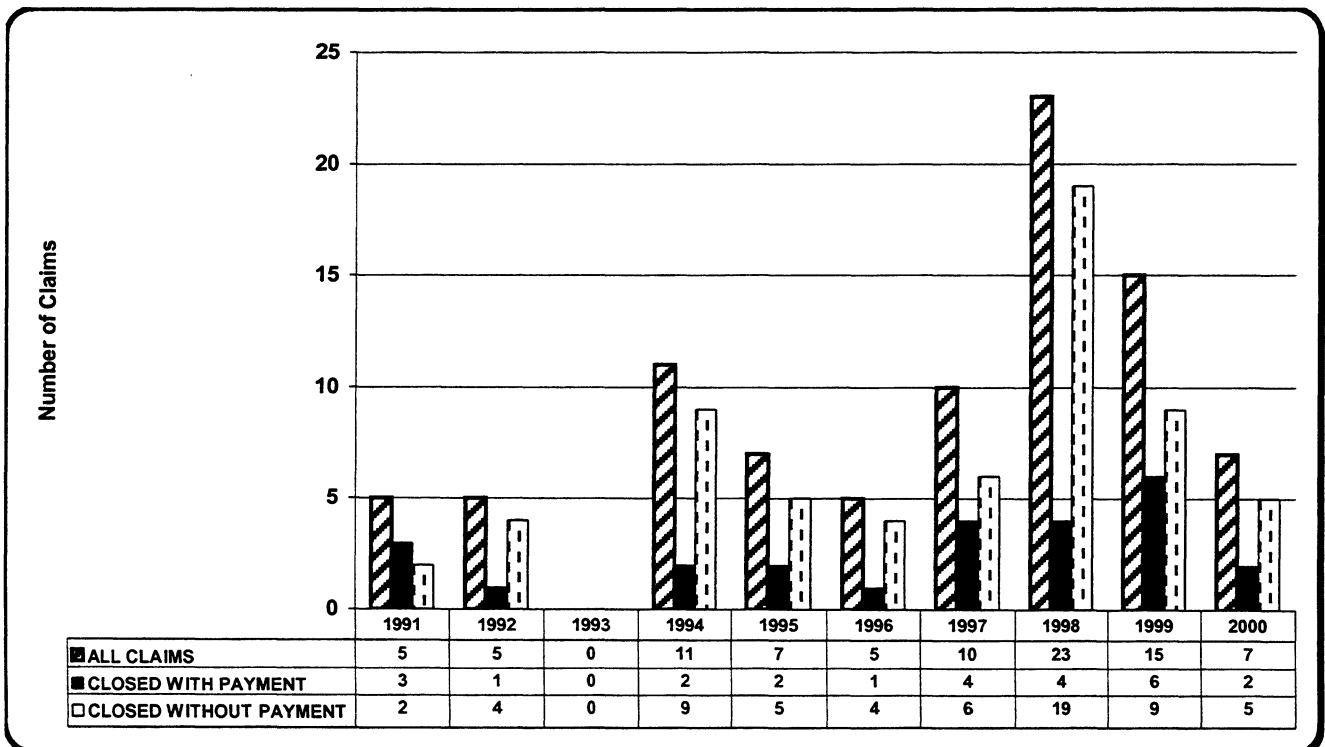


WORKERS COMPENSATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2000 SUMMARY
BY
MAJOR ACTIVITY**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1991 – 2000

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	716	215	32.67%	\$78,209	\$16,814,947	21.91%	\$5,870
SETTLEMENT AND NEGOTIATION	325	70	10.64%	\$108,105	\$7,567,344	9.86%	\$10,288
PREPARATION, TRANSMITTAL OR FILING	321	88	13.37%	\$82,767	\$7,283,481	9.49%	\$8,851
PRE-TRIAL, PRE-HEARING	303	81	12.31%	\$110,732	\$8,969,314	11.69%	\$6,309
CONSULTATION OR ADVICE	238	55	8.36%	\$362,095	\$19,915,242	25.95%	\$36,859
OTHER	230	35	5.32%	\$75,185	\$2,631,482	3.43%	\$5,034
TRIAL OR HEARING	149	26	3.95%	\$50,349	\$1,309,067	1.71%	\$7,128
EXPARTE PROCEEDINGS	89	24	3.65%	\$59,760	\$1,434,241	1.87%	\$8,480
APPEAL ACTIVITIES	59	12	1.82%	\$34,834	\$418,013	0.54%	\$4,797
INVESTIGATION, OTHER THAN LITIGATION	56	14	2.13%	\$284,040	\$3,976,554	5.18%	\$24,129
POST TRIAL OR HEARING	56	9	1.37%	\$15,477	\$139,291	0.18%	\$4,324
OTHER WRITTEN OPINION	48	11	1.67%	\$170,147	\$1,871,620	2.44%	\$14,278
TAX REPORTING OR PAYMENT	28	9	1.37%	\$70,808	\$637,270	0.83%	\$24,485
REFERRAL TO ANOTHER PROFESSIONAL	24	6	0.91%	\$620,208	\$3,721,250	4.85%	\$35,595
TITLE OPINION	20	3	0.46%	\$15,167	\$45,500	0.06%	\$8,377
TOTAL	2,662	658	100.00%	\$116,618	\$76,734,616	100.00%	\$10,637

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2000

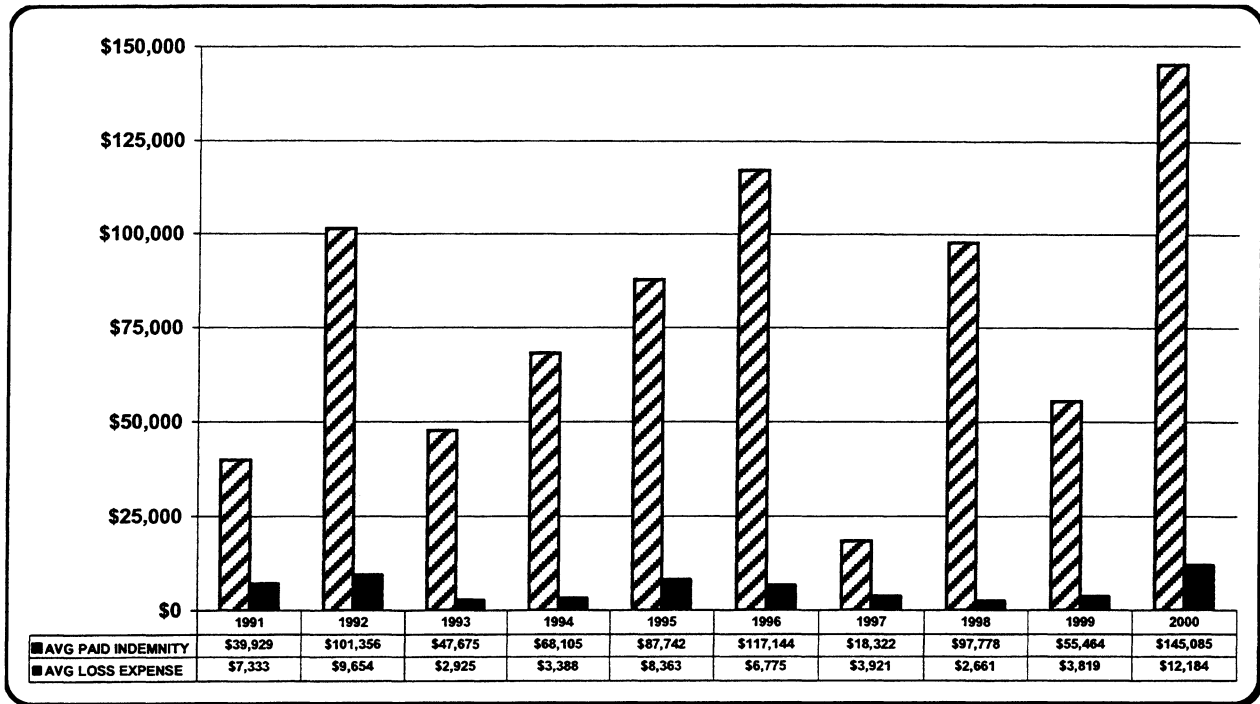
MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	71	23	35.94%	\$145,085	\$3,336,963	50.79%	\$12,184
OTHER	69	12	18.75%	\$32,295	\$387,534	5.90%	\$4,703
PRE-TRIAL, PRE-HEARING	23	5	7.81%	\$40,412	\$202,060	3.08%	\$12,712
PREPARATION, TRANSMITTAL OR FILING	22	10	15.63%	\$161,918	\$1,619,175	24.64%	\$27,102
SETTLEMENT AND NEGOTIATION	17	1	1.56%	\$175,000	\$175,000	2.66%	\$8,249
CONSULTATION OR ADVICE	16	4	6.25%	\$86,750	\$347,000	5.28%	\$26,286
TRIAL OR HEARING	10	3	4.69%	\$24,856	\$74,567	1.13%	\$23,187
TAX REPORTING OR PAYMENT	8	1	1.56%	\$250,000	\$250,000	3.80%	\$47,839
APPEAL ACTIVITIES	7	0	0.00%	N/A	\$0	0.00%	\$1,664
EXPARTE PROCEEDINGS	7	1	1.56%	\$15,000	\$15,000	0.23%	\$122
INVESTIGATION, OTHER THAN LITIGATION	7	2	3.13%	\$75,000	\$150,000	2.28%	\$15,773
POST TRIAL OR HEARING	7	2	3.13%	\$6,655	\$13,310	0.20%	\$5,937
TOTAL	264	64	100.00%	\$102,666	\$6,570,609	100.00%	\$12,947

**TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 2000**

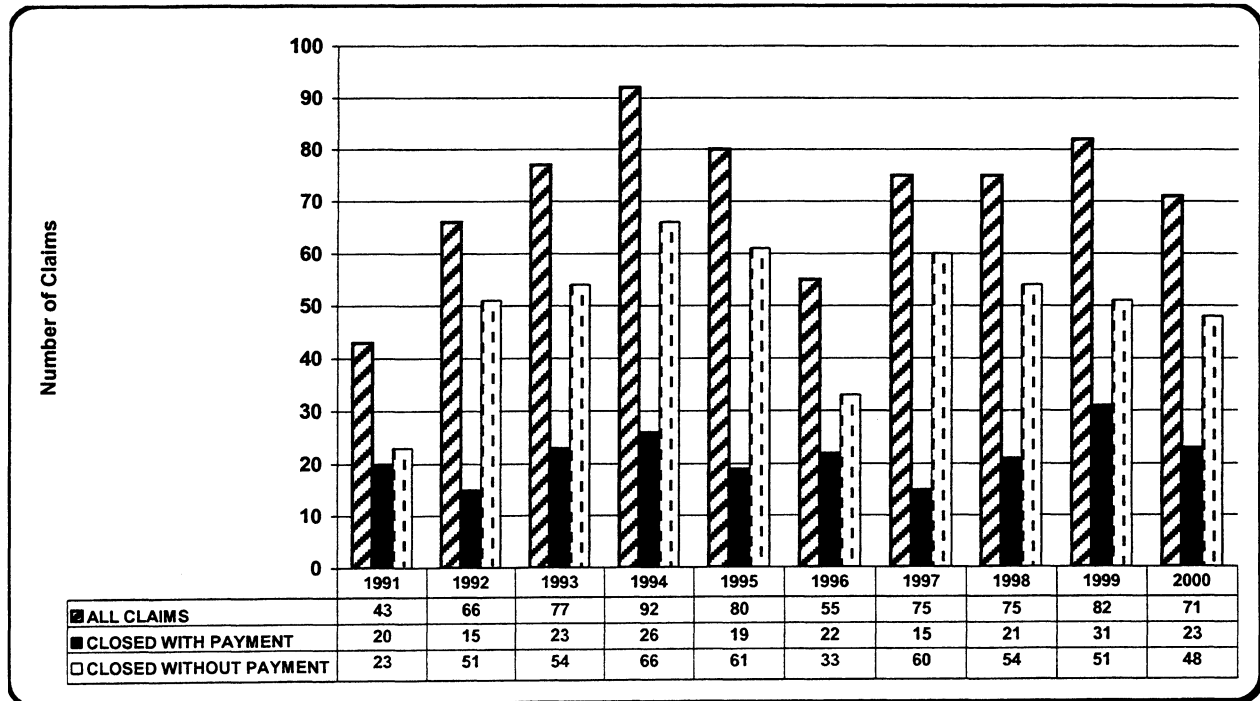


COMMENCEMENT OF ACTION OR PROCEEDING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

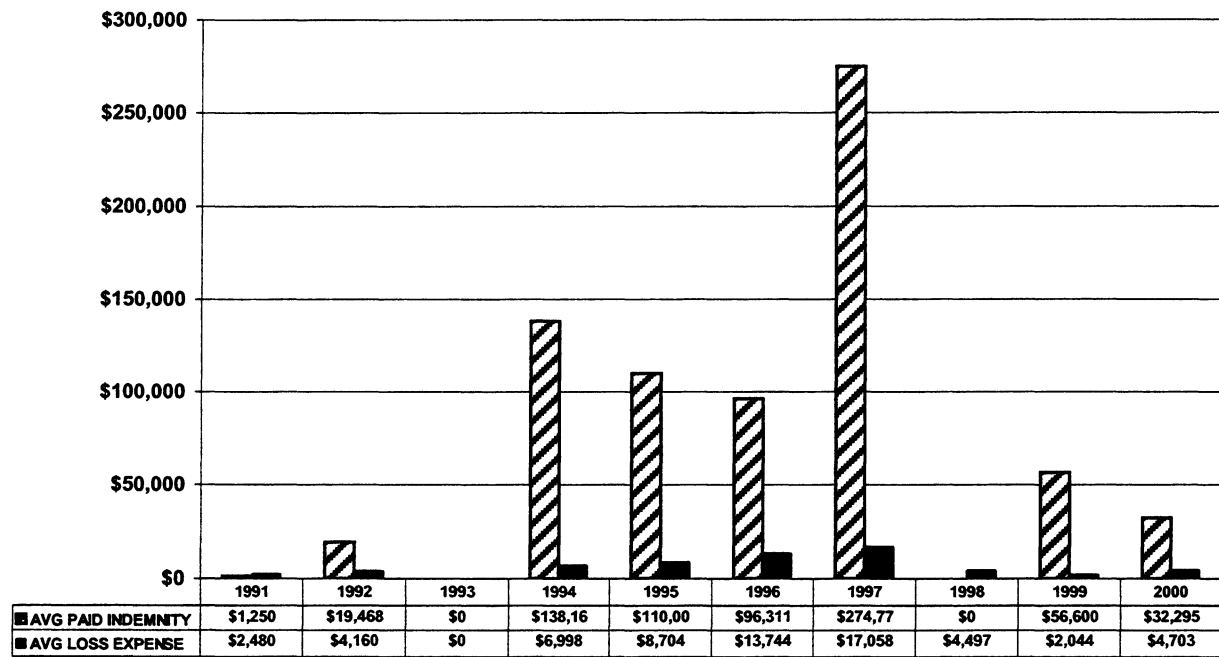


CLAIM COUNT

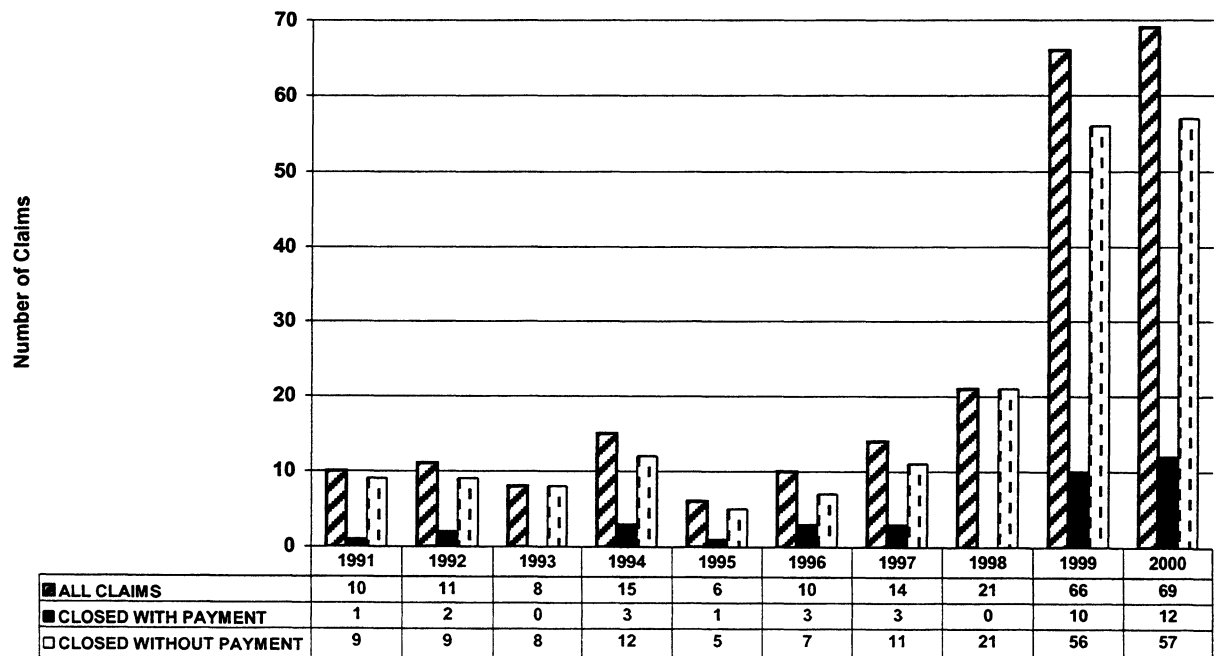


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

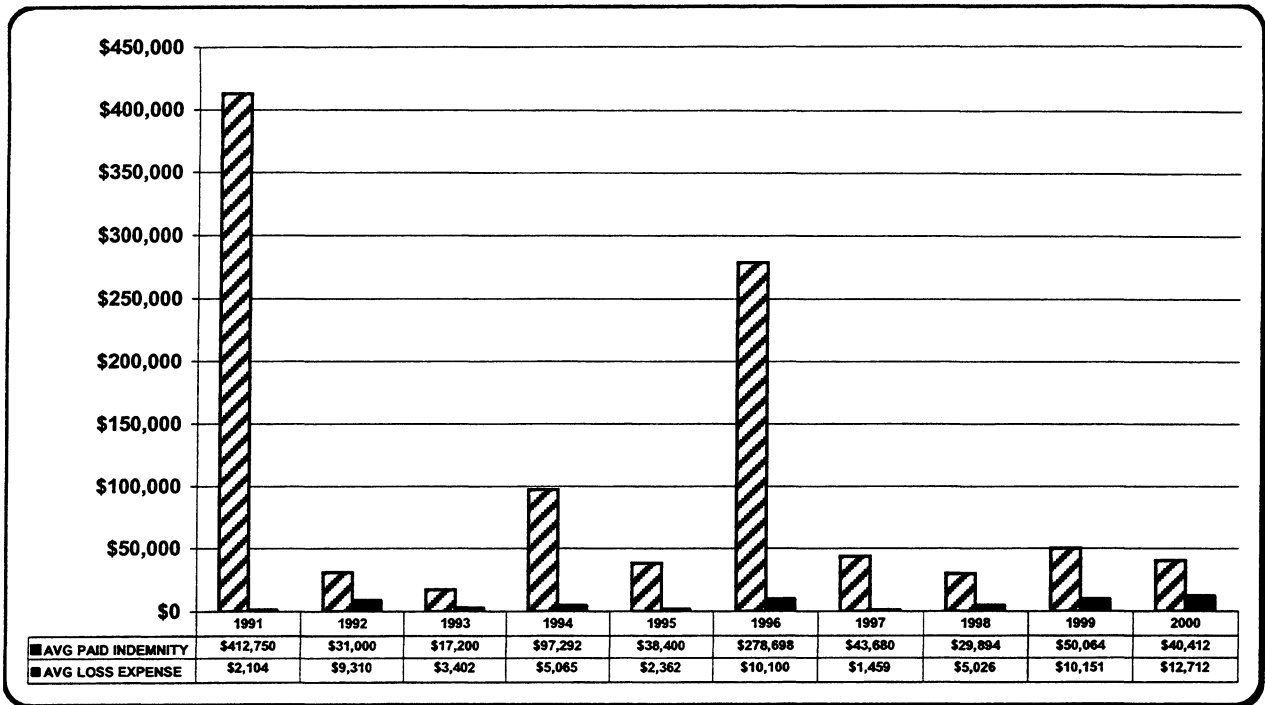


CLAIM COUNT

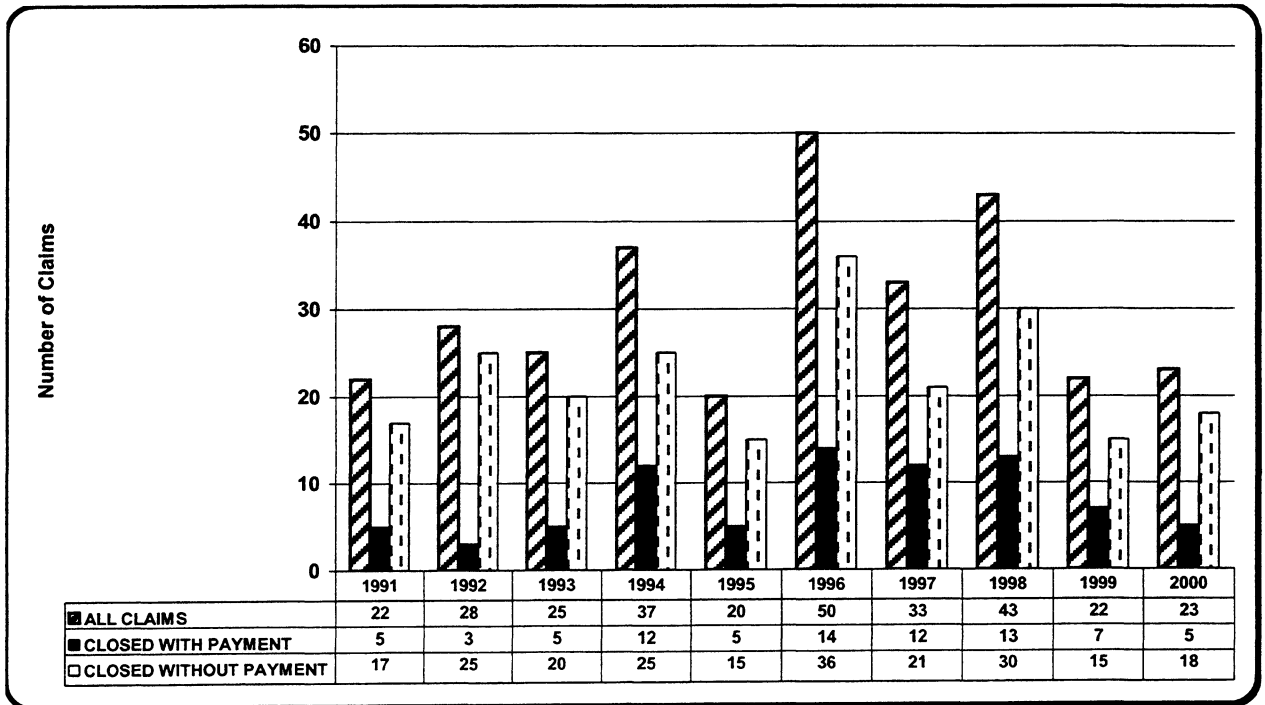


PRE-TRIAL, PRE-HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

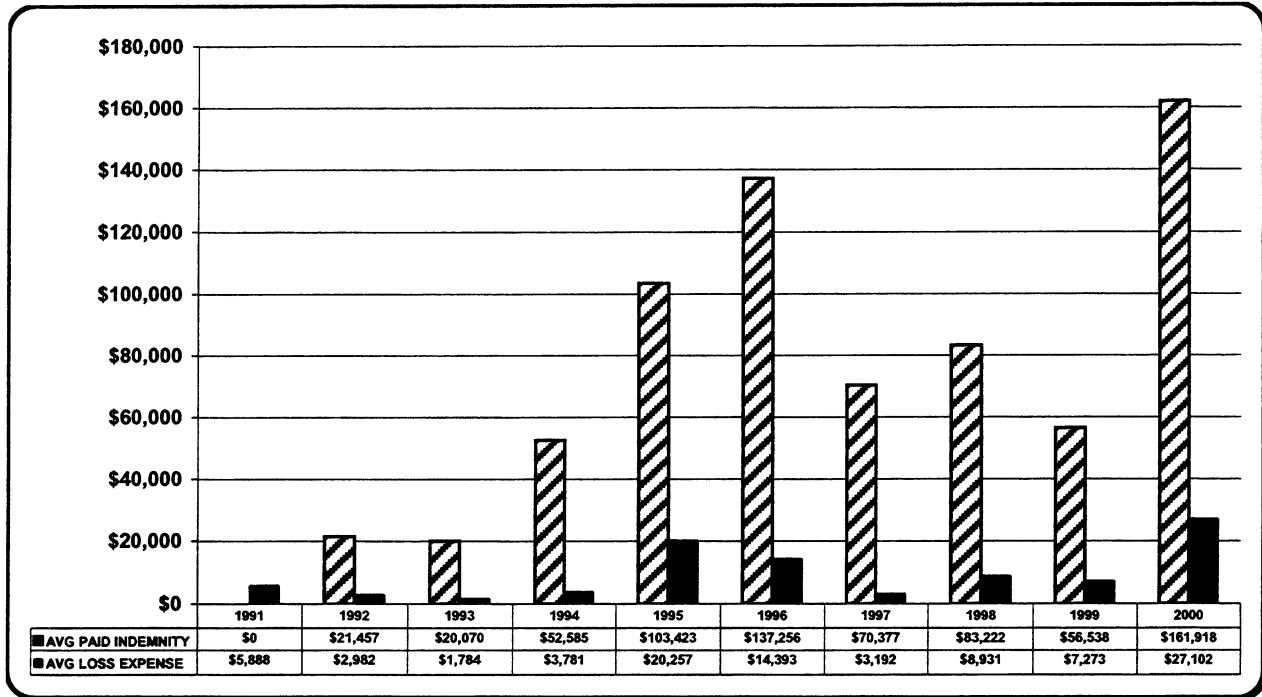


CLAIM COUNT

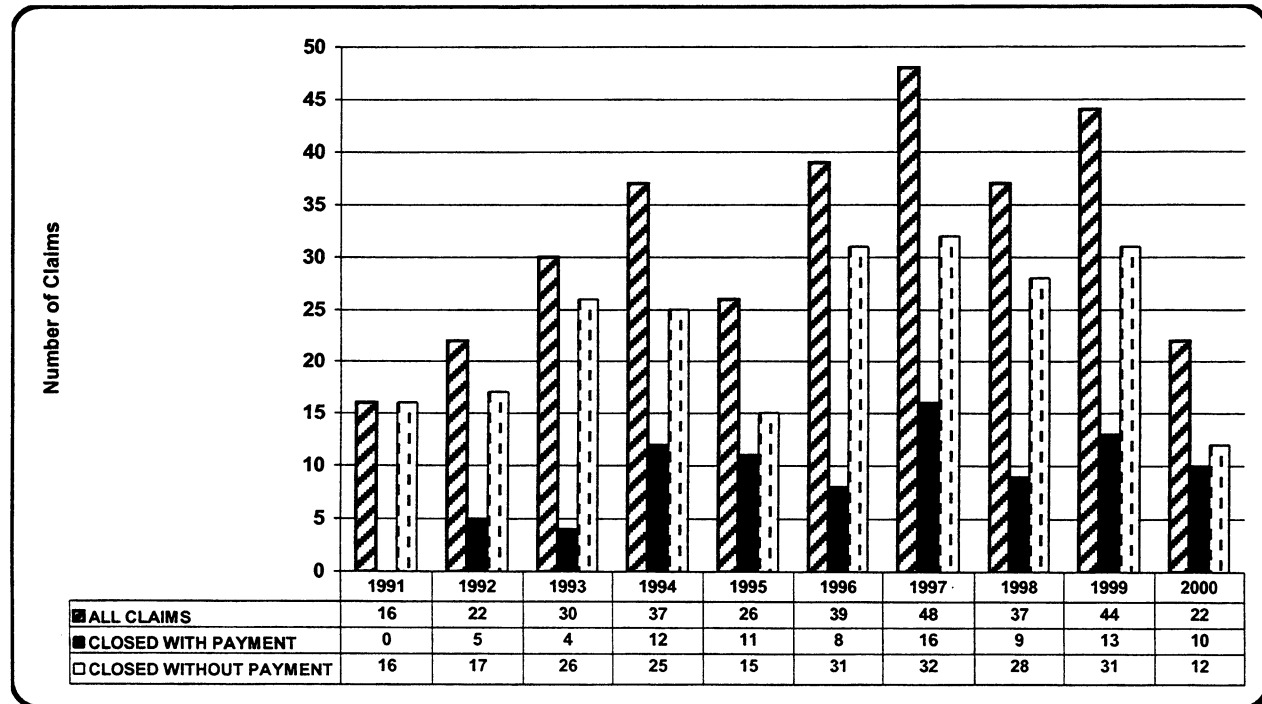


PREPARATION, TRANSMITTAL OR FILING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

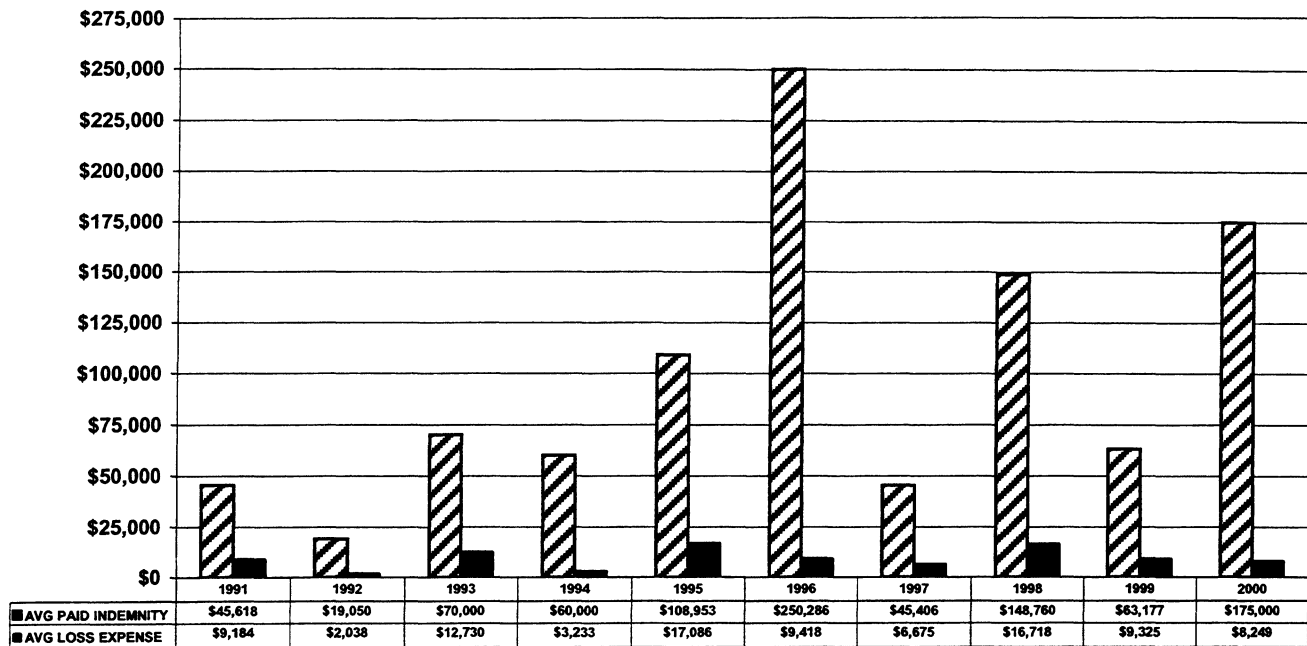


CLAIM COUNT

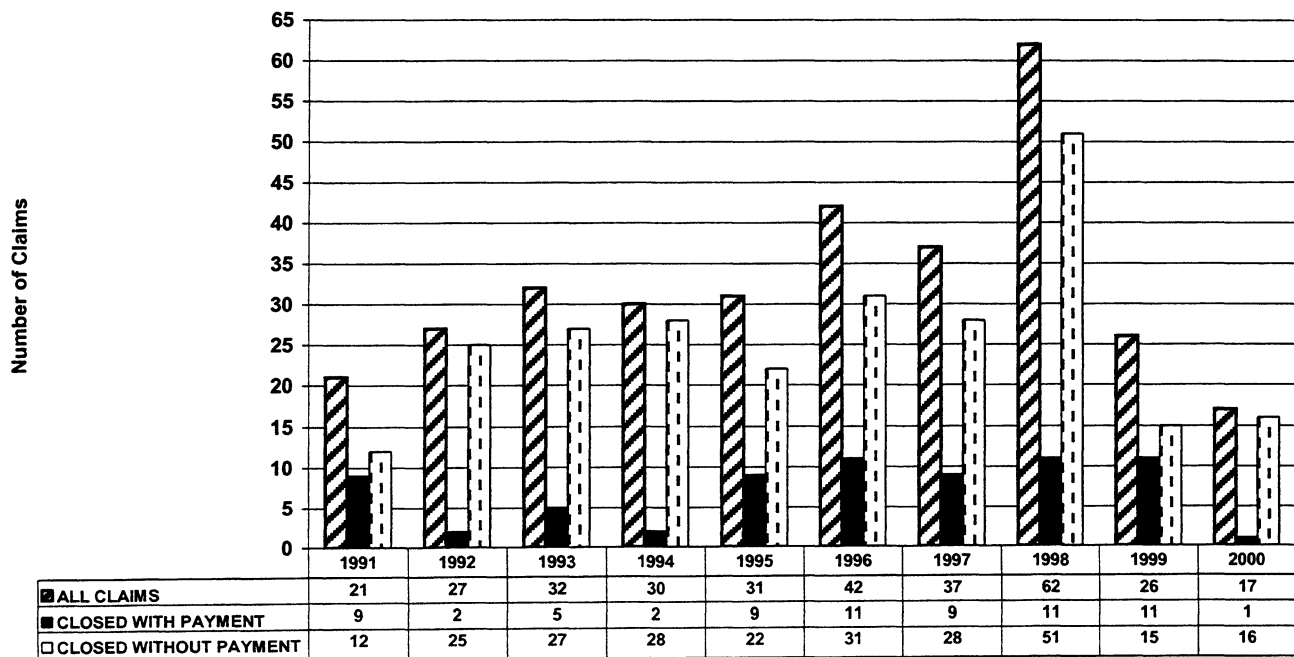


SETTLEMENT AND NEGOTIATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

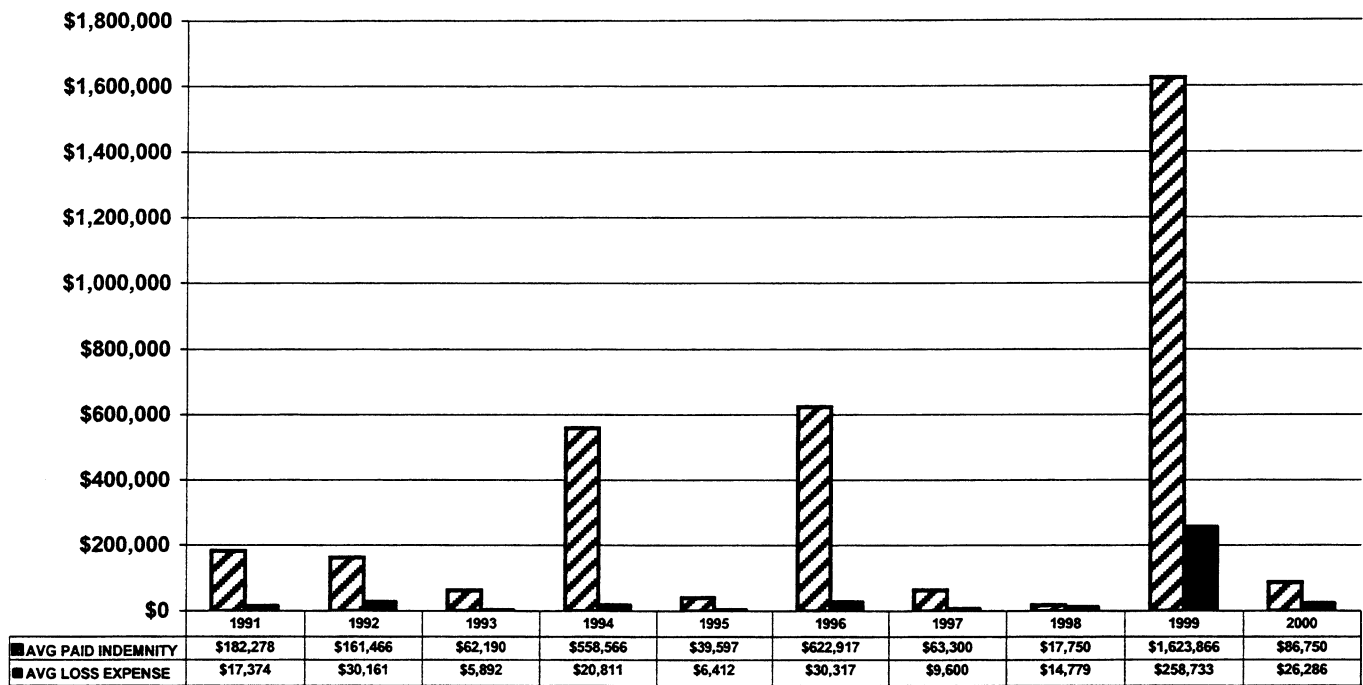


CLAIM COUNT

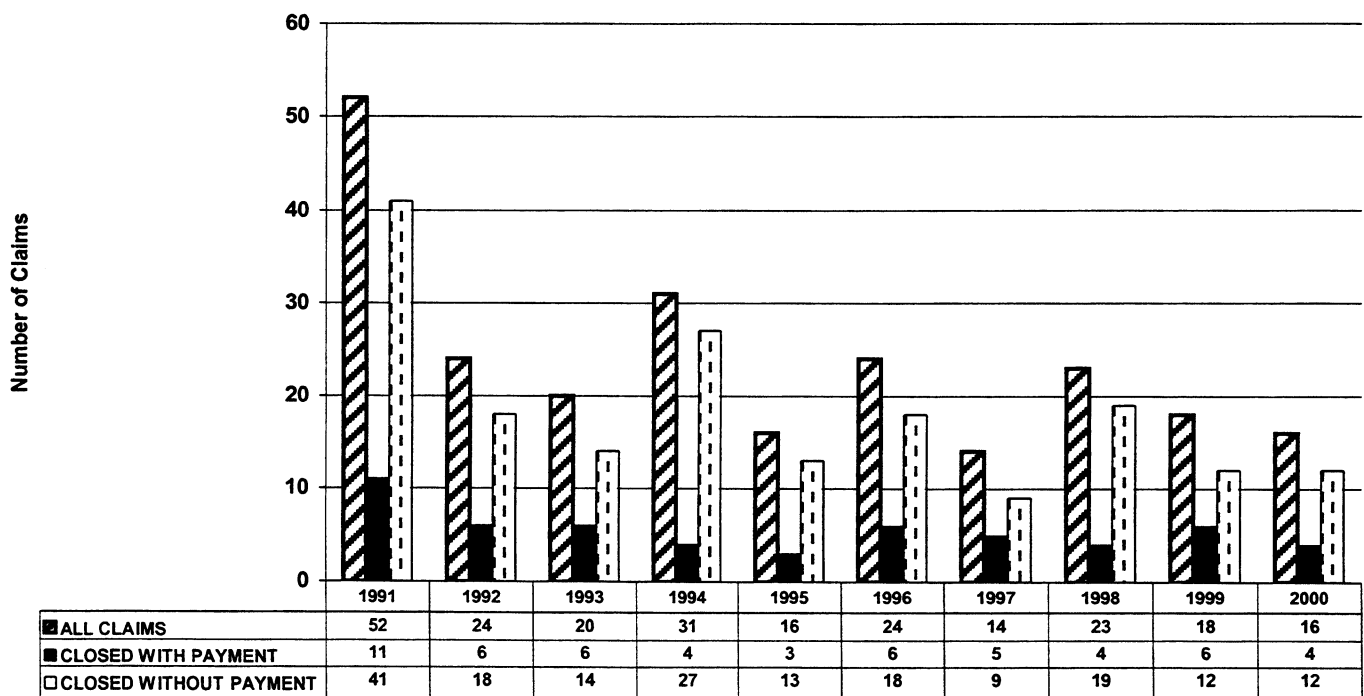


CONSULTATION OR ADVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

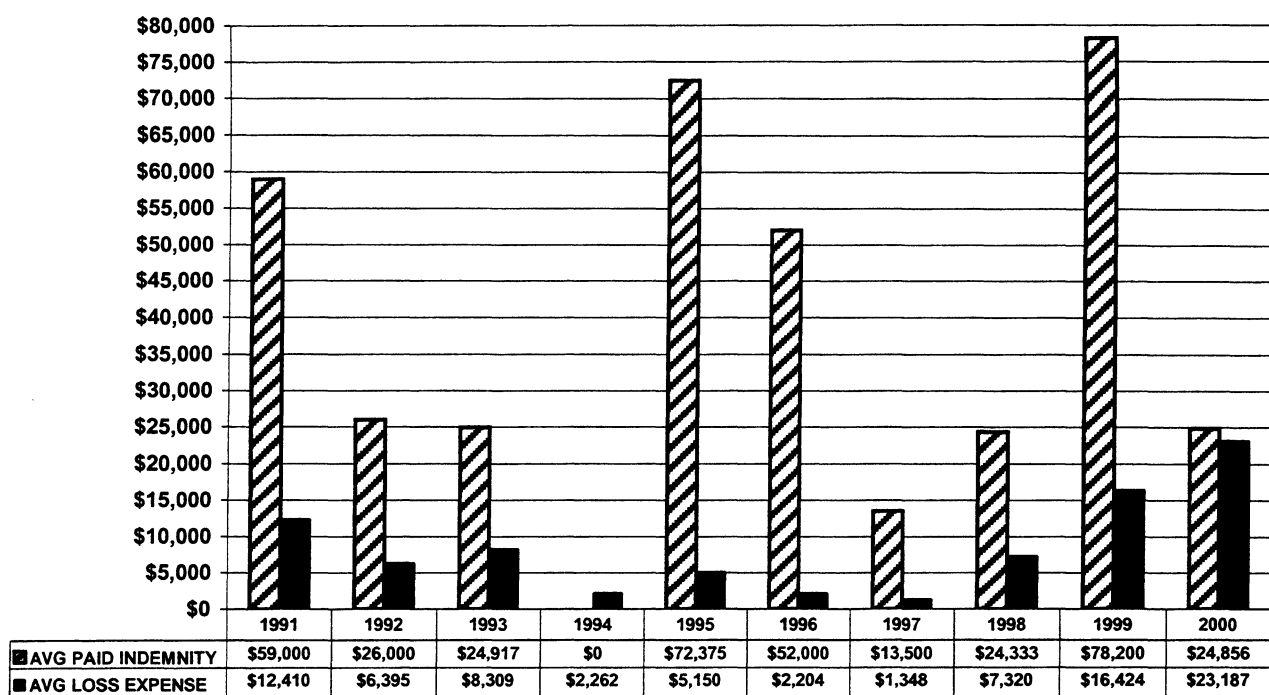


CLAIM COUNT

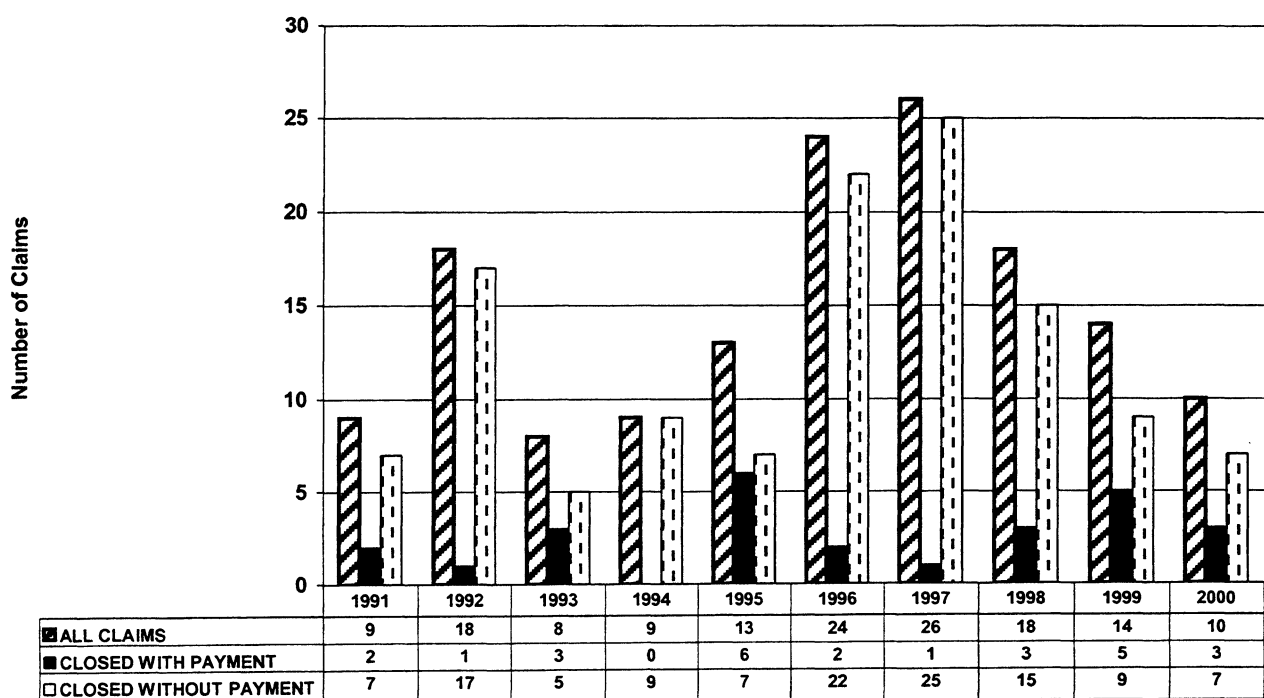


TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

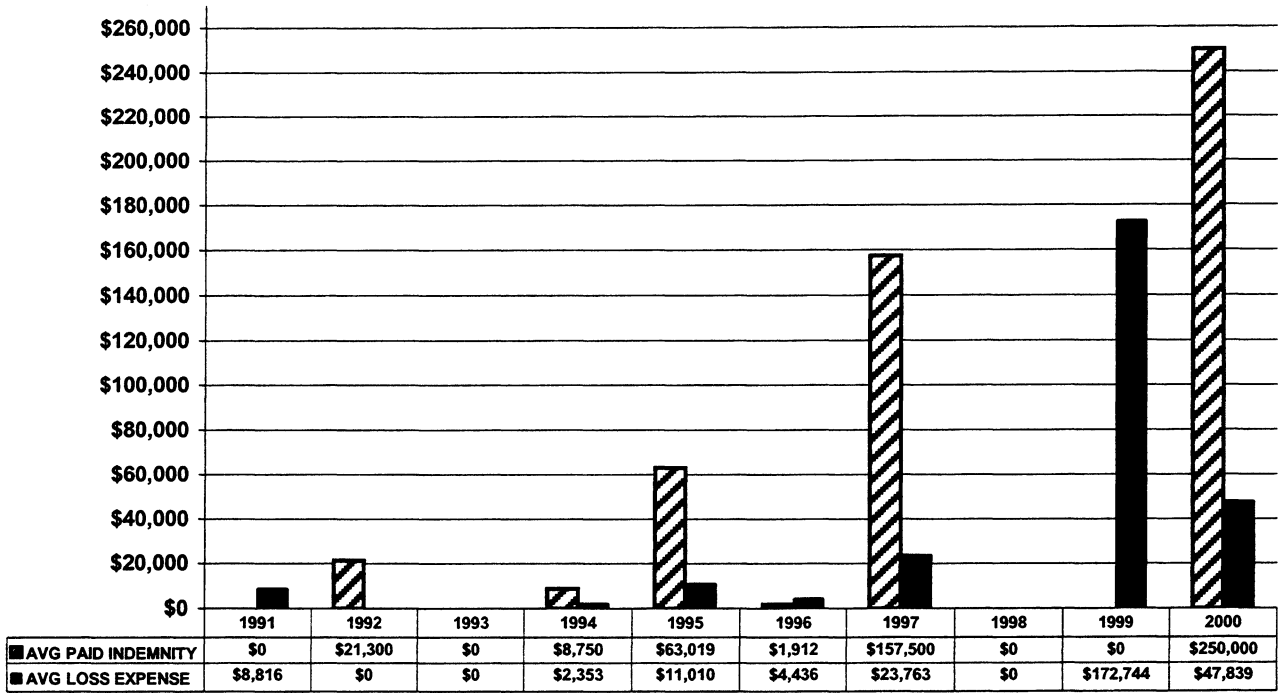


CLAIM COUNT

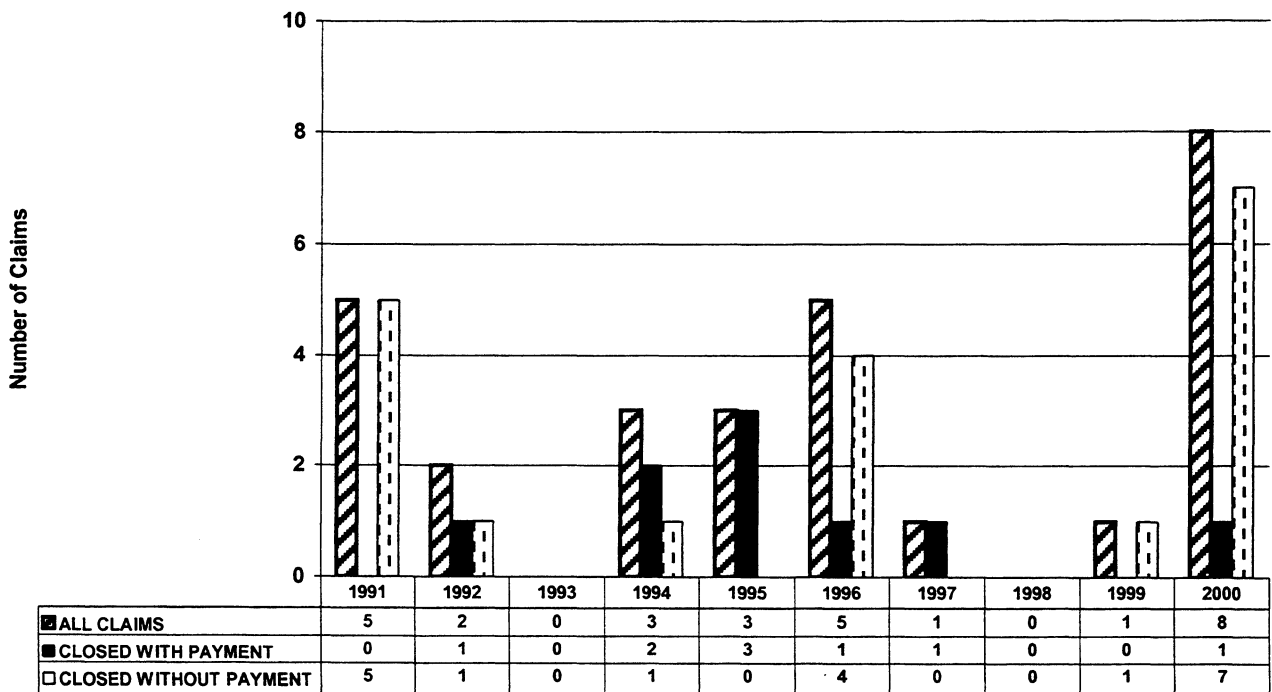


TAX REPORTING OR PAYMENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

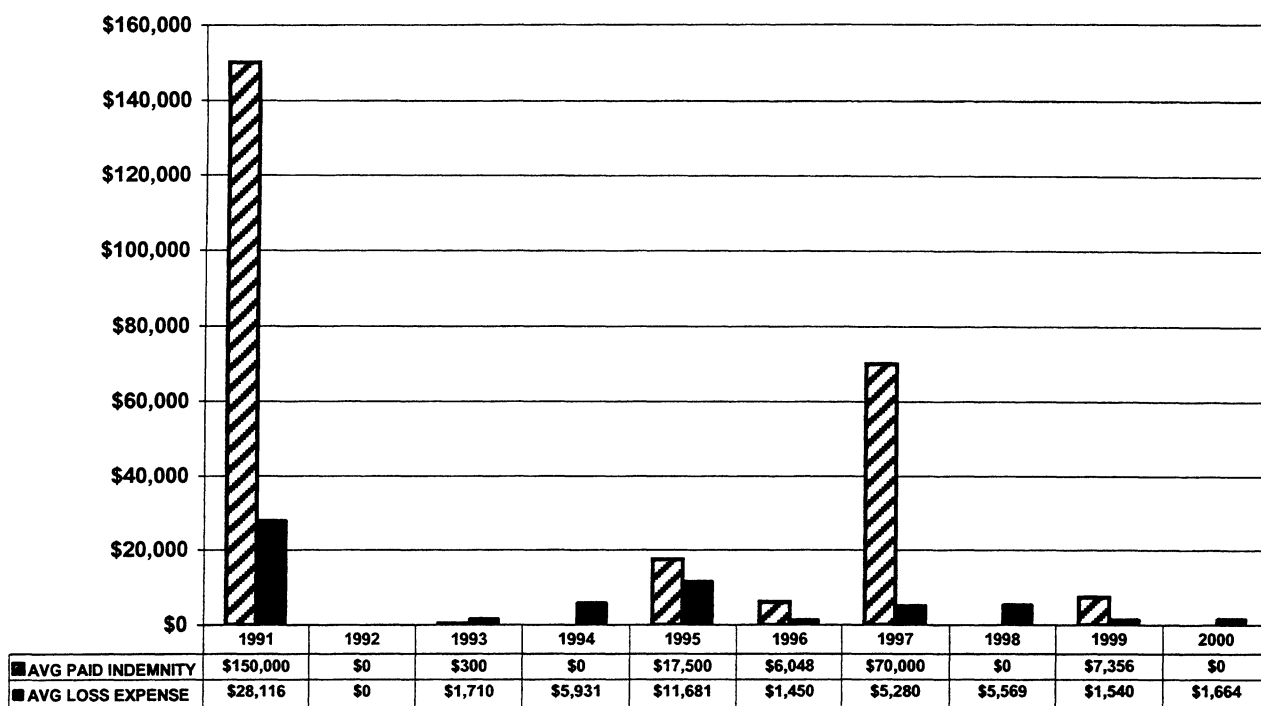


CLAIM COUNT

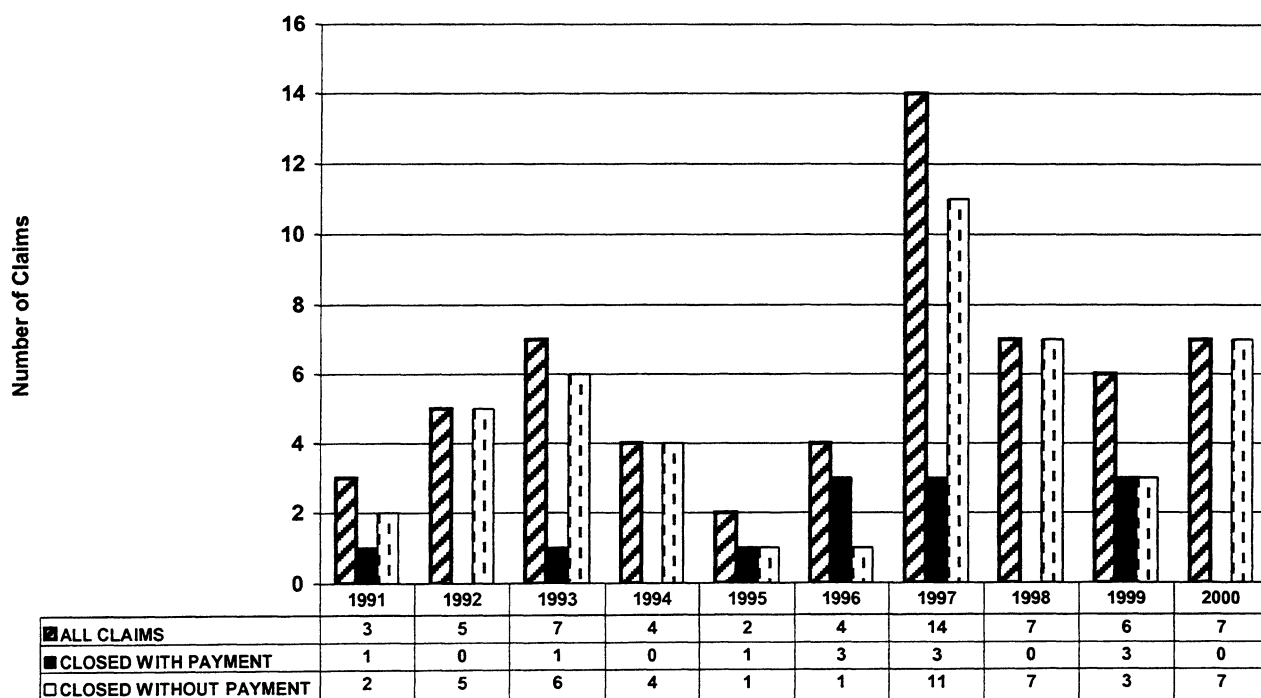


APPEAL ACTIVITIES

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

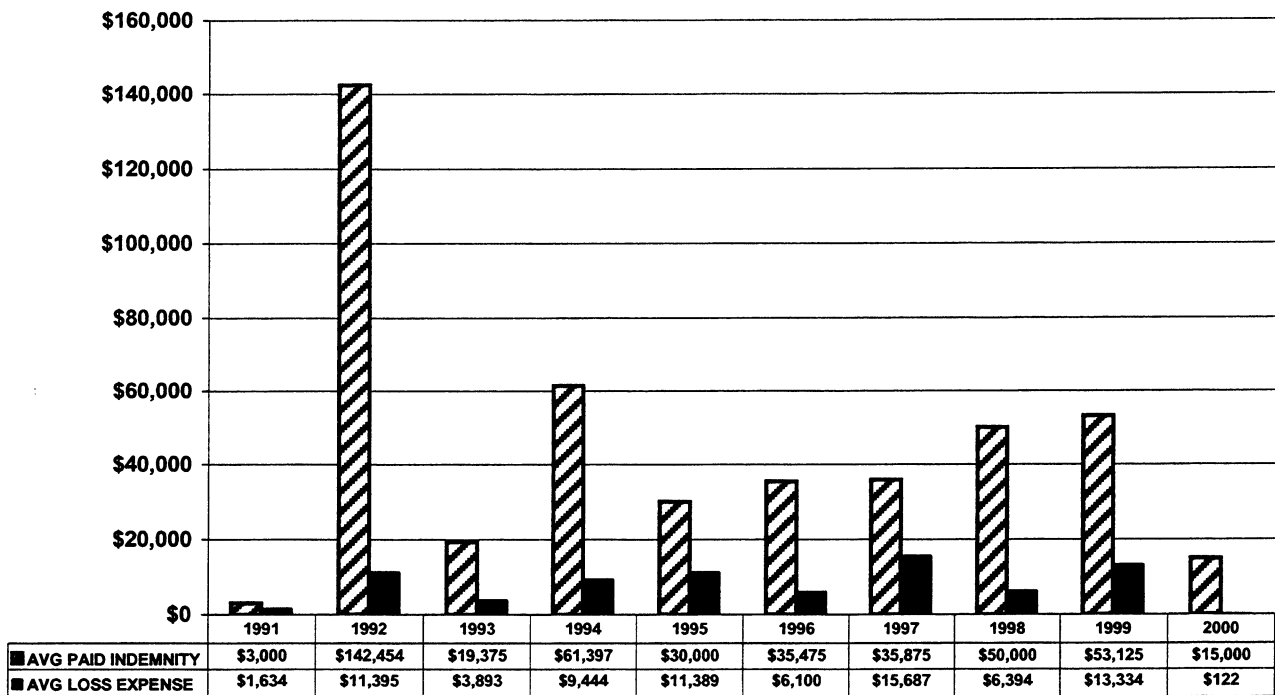


CLAIM COUNT

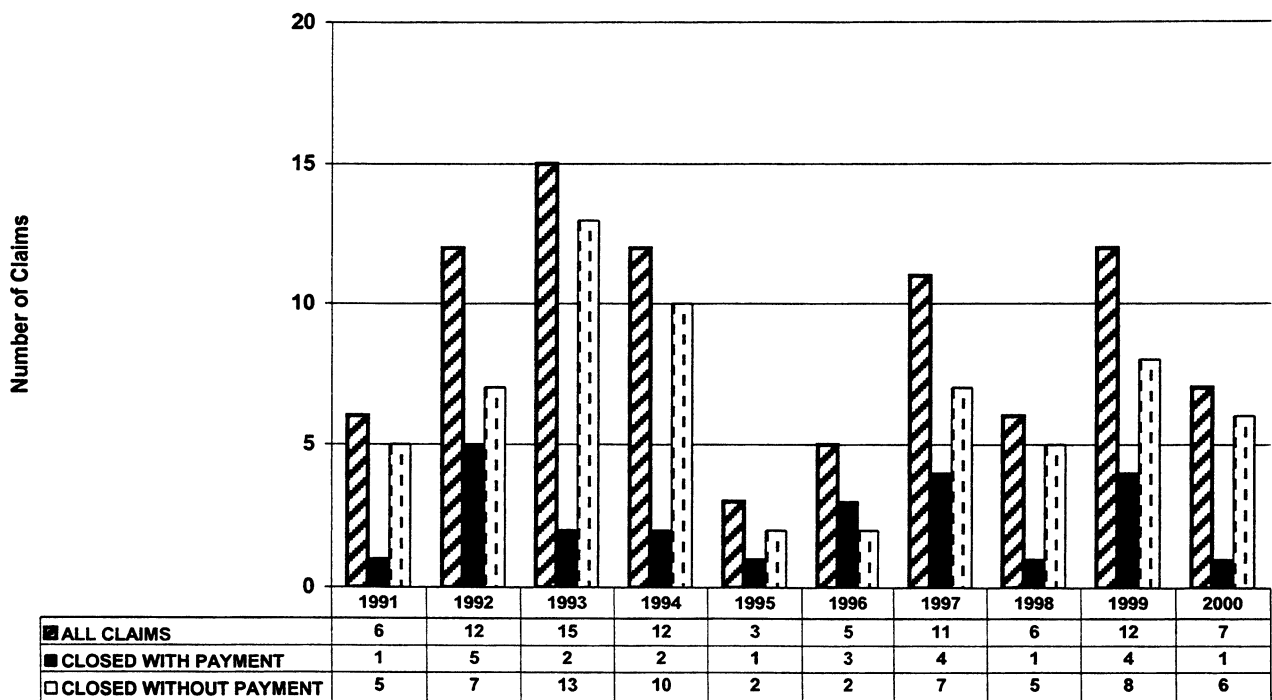


EXPARTE PROCEEDINGS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2000 SUMMARY
BY
ALLEGED ERRORS OR OMISSIONS**

LEGAL MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

FOR YEARS 1991 – 2000

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	377	149	22.64%	\$55,917	\$8,331,668	10.86%	\$2,923
PLANNING OR STRATEGY ERROR	347	73	11.09%	\$107,036	\$7,813,596	10.18%	\$9,266
PROCRASTINATION OR LACK OF FOLLOW-UP	251	52	7.90%	\$74,927	\$3,896,217	5.08%	\$3,257
FAIL TO KNOW OR PROPERLY APPLY THE LAW	219	64	9.73%	\$182,947	\$11,708,609	15.26%	\$13,433
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	193	25	3.80%	\$32,454	\$811,348	1.06%	\$7,584
CONFLICT OF INTEREST	171	38	5.78%	\$221,889	\$8,431,766	10.99%	\$14,599
INADEQUATE INVESTIGATION	155	38	5.78%	\$172,682	\$6,561,903	8.55%	\$16,649
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	148	31	4.71%	\$82,014	\$2,542,443	3.31%	\$6,149
FRAUD	128	18	2.74%	\$713,735	\$12,847,222	16.74%	\$54,689
FAIL TO OBTAIN CLIENTS CONSENT	121	29	4.41%	\$121,357	\$3,519,362	4.59%	\$12,753
FAILURE TO CALENDAR PROPERLY	105	39	5.93%	\$57,199	\$2,230,780	2.91%	\$4,278
OTHER	105	24	3.65%	\$67,674	\$1,624,172	2.12%	\$11,724
VIOLATION OF CIVIL RIGHTS	80	5	0.76%	\$222,600	\$1,113,000	1.45%	\$7,085
FAIL TO ANTICIPATE TAX CONSEQUENCES	47	15	2.28%	\$56,456	\$846,846	1.10%	\$14,152
FAILURE TO REACT TO CALENDAR	47	20	3.04%	\$54,653	\$1,093,068	1.42%	\$7,336
CLERICAL ERROR	39	8	1.22%	\$55,243	\$441,942	0.58%	\$3,563
IMPROPER WITHDRAWAL FROM REPRESENTATION	37	7	1.06%	\$25,643	\$179,500	0.23%	\$7,927
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	34	13	1.98%	\$44,804	\$582,448	0.76%	\$7,848
ERROR IN PUBLIC RECORD SEARCH	23	4	0.61%	\$40,125	\$160,500	0.21%	\$4,556
LIBEL OR SLANDER	21	1	0.15%	\$11,000	\$11,000	0.01%	\$2,374
LOST FILE, DOCUMENT OR EVIDENCE	8	3	0.46%	\$655,223	\$1,965,670	2.56%	\$5,433
ERROR IN MATHEMATICAL CALCULATION	6	2	0.30%	\$10,779	\$21,558	0.03%	\$15,137
TOTAL	2,662	658	100.00%	\$116,618	\$76,734,616	100.00%	\$10,637

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2000

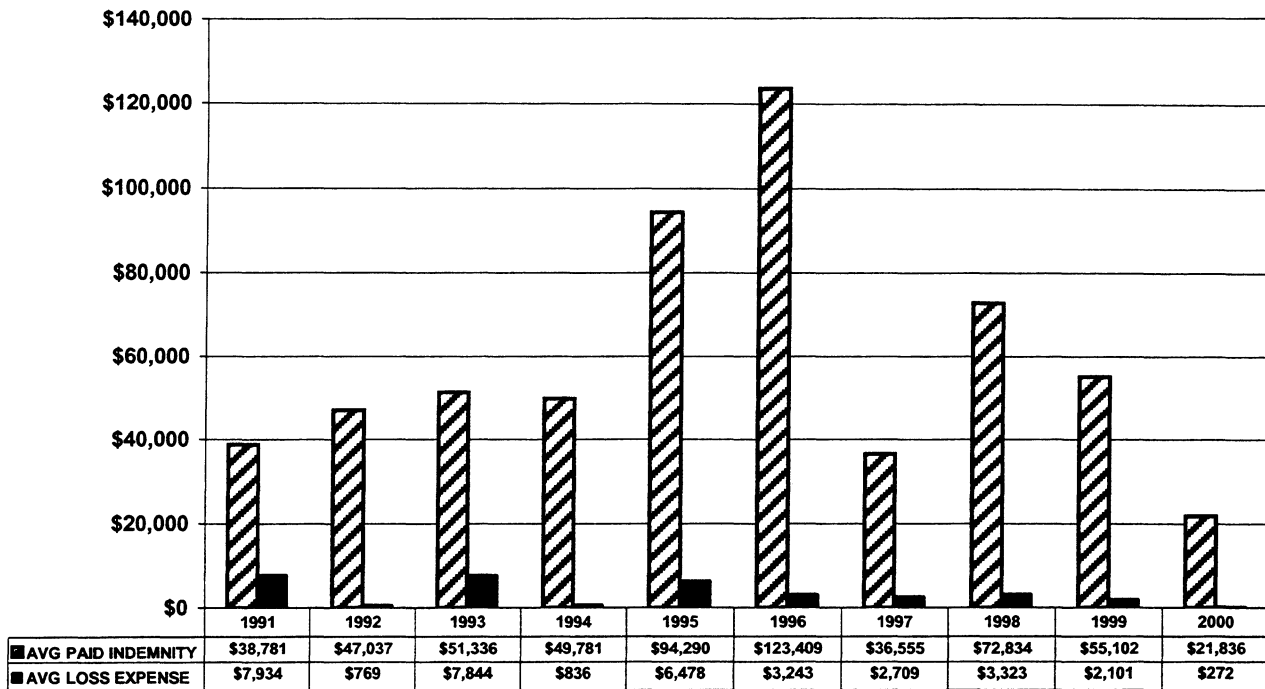
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	58	21	32.81%	\$21,836	\$458,550	6.98%	\$272
PROCRASTINATION OR LACK OF FOLLOW-UP	38	9	14.06%	\$35,897	\$323,069	4.92%	\$5,743
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	24	1	1.56%	\$35,000	\$35,000	0.53%	\$15,908
CONFLICT OF INTEREST	23	5	7.81%	\$19,911	\$99,553	1.52%	\$13,192
PLANNING OR STRATEGY ERROR	17	2	3.13%	\$29,784	\$59,567	0.91%	\$15,796
INADEQUATE INVESTIGATION	14	2	3.13%	\$30,000	\$60,000	0.91%	\$7,511
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	13	1	1.56%	\$14,500	\$14,500	0.22%	\$13,260
FAIL TO KNOW OR PROPERLY APPLY THE LAW	13	6	9.38%	\$494,406	\$2,966,435	45.15%	\$39,385
FRAUD	13	1	1.56%	\$2,500	\$2,500	0.04%	\$26,033
OTHER	11	3	4.69%	\$62,353	\$187,060	2.85%	\$14,586
CLERICAL ERROR	7	1	1.56%	\$18,240	\$18,240	0.28%	\$50
FAIL TO OBTAIN CLIENTS CONSENT	7	3	4.69%	\$211,667	\$635,000	9.66%	\$46,130
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	6	2	3.13%	\$77,250	\$154,500	2.35%	\$16,811
FAILURE TO REACT TO CALENDAR	6	2	3.13%	\$117,500	\$235,000	3.58%	\$6,425
FAIL TO ANTICIPATE TAX CONSEQUENCES	4	1	1.56%	\$250,000	\$250,000	3.80%	\$73,581
FAILURE TO CALENDAR PROPERLY	4	4	6.25%	\$267,909	\$1,071,635	16.31%	\$38,420
IMPROPER WITHDRAWAL FROM REPRESENTATION	2	0	0.00%	N/A	\$0	0.00%	\$0
VIOLATION OF CIVIL RIGHTS	2	0	0.00%	N/A	\$0	0.00%	\$11,839
ERROR IN PUBLIC RECORD SEARCH	1	0	0.00%	N/A	\$0	0.00%	\$1,233
LIBEL OR SLANDER	1	0	0.00%	N/A	\$0	0.00%	\$6,320
TOTAL	264	64	100.00%	\$102,666	\$6,570,609	100.00%	\$12,947

**TRENDS
OF THE TOP TEN
ERRORS OR OMISSIONS
OF 2000**

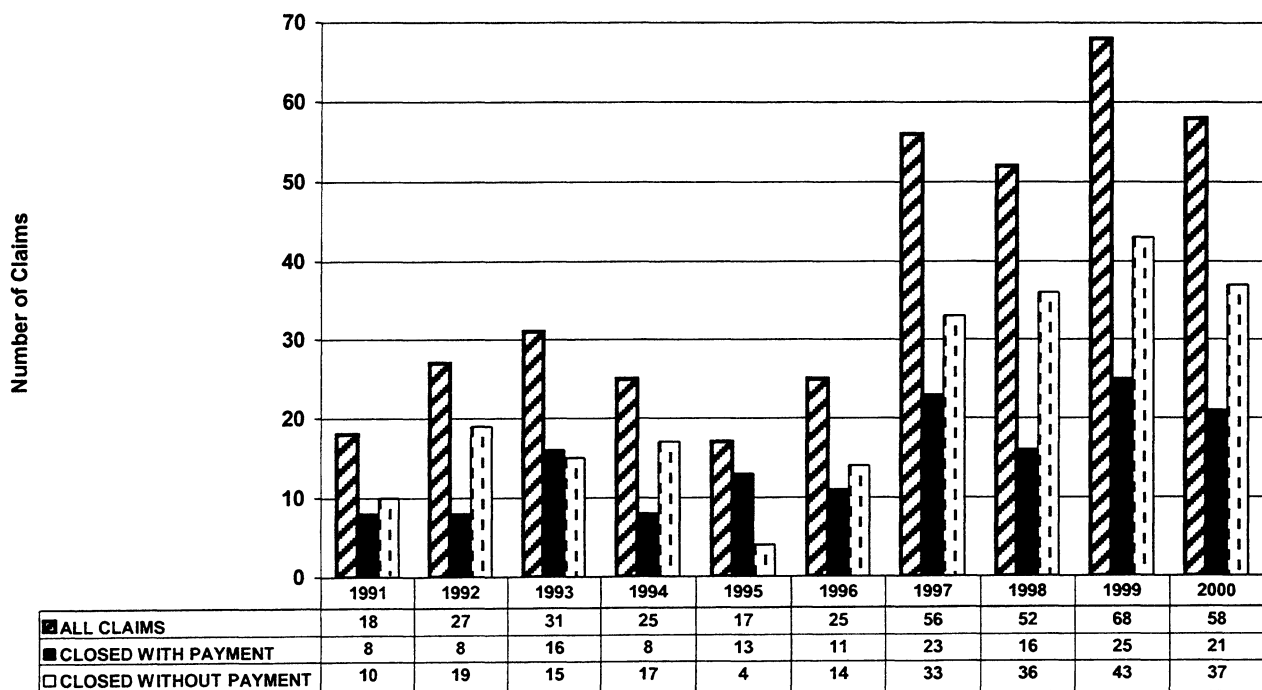


FAIL TO ASCERTAIN DEADLINE CORRECTLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

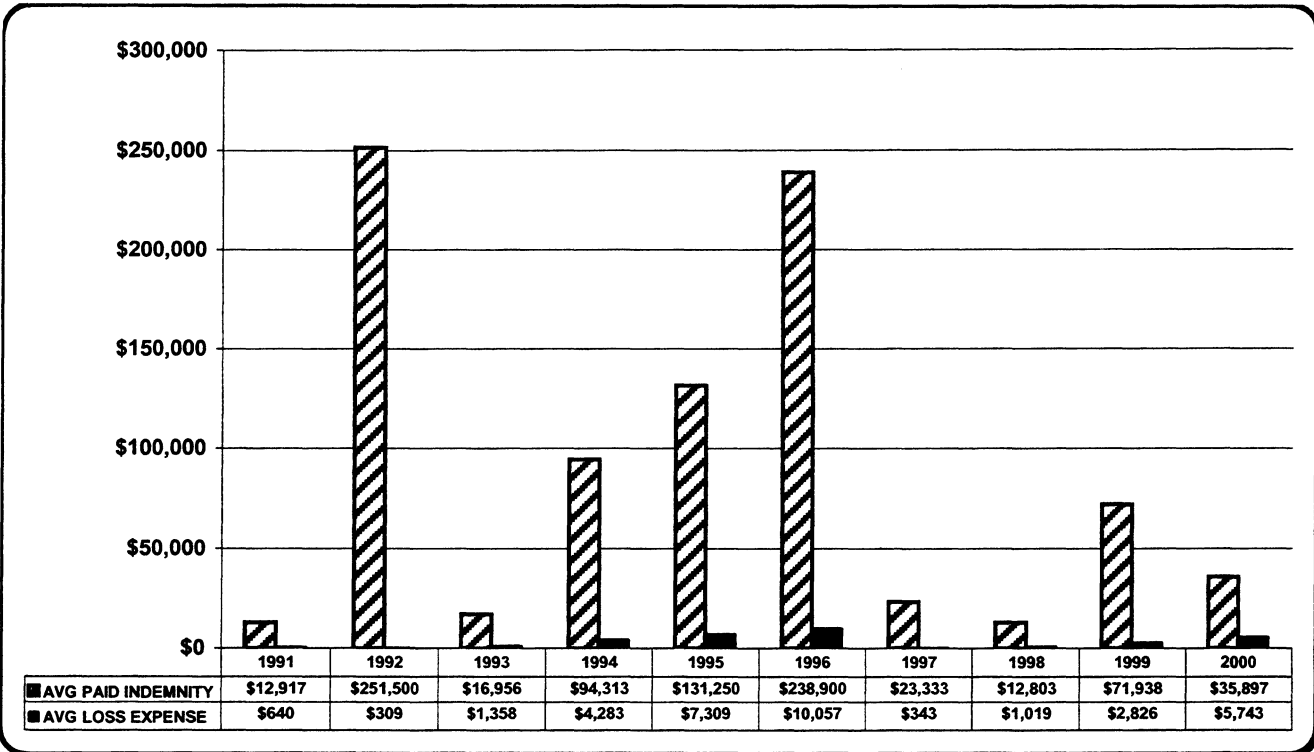


CLAIM COUNT

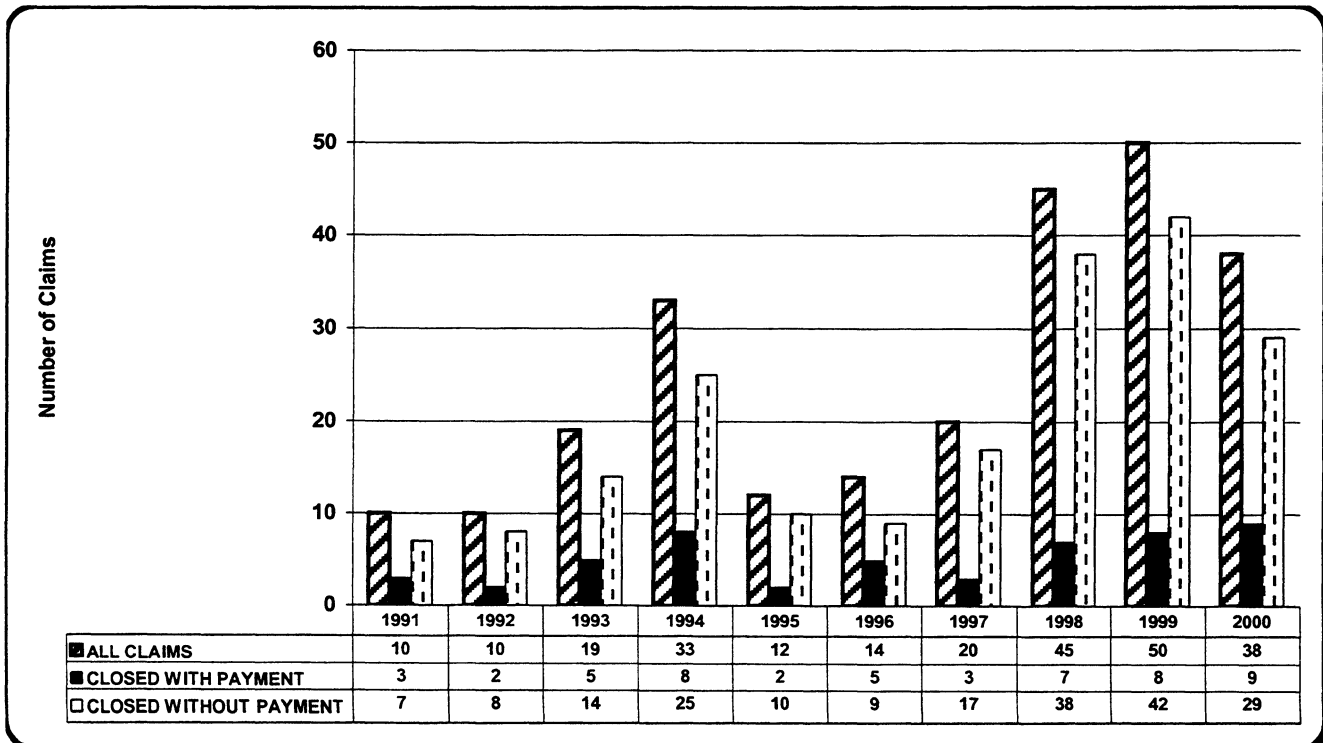


PROCRASTINATION OR LACK OF FOLLOW-UP

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

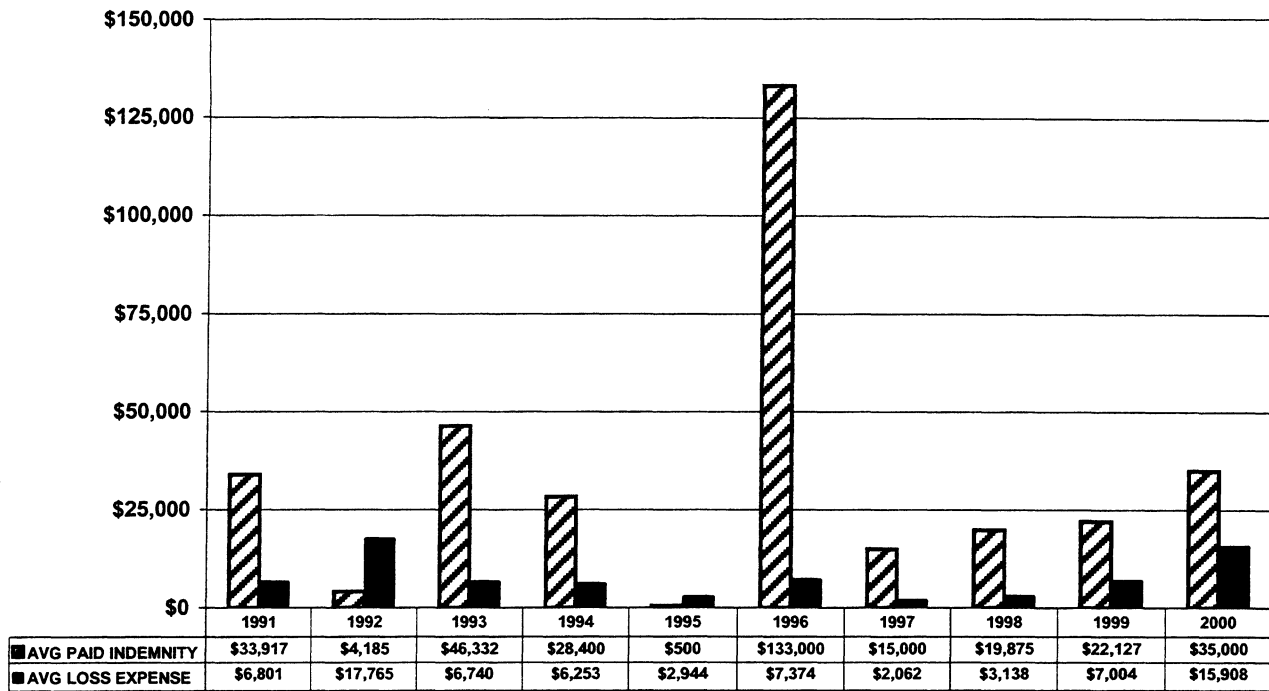


CLAIM COUNT

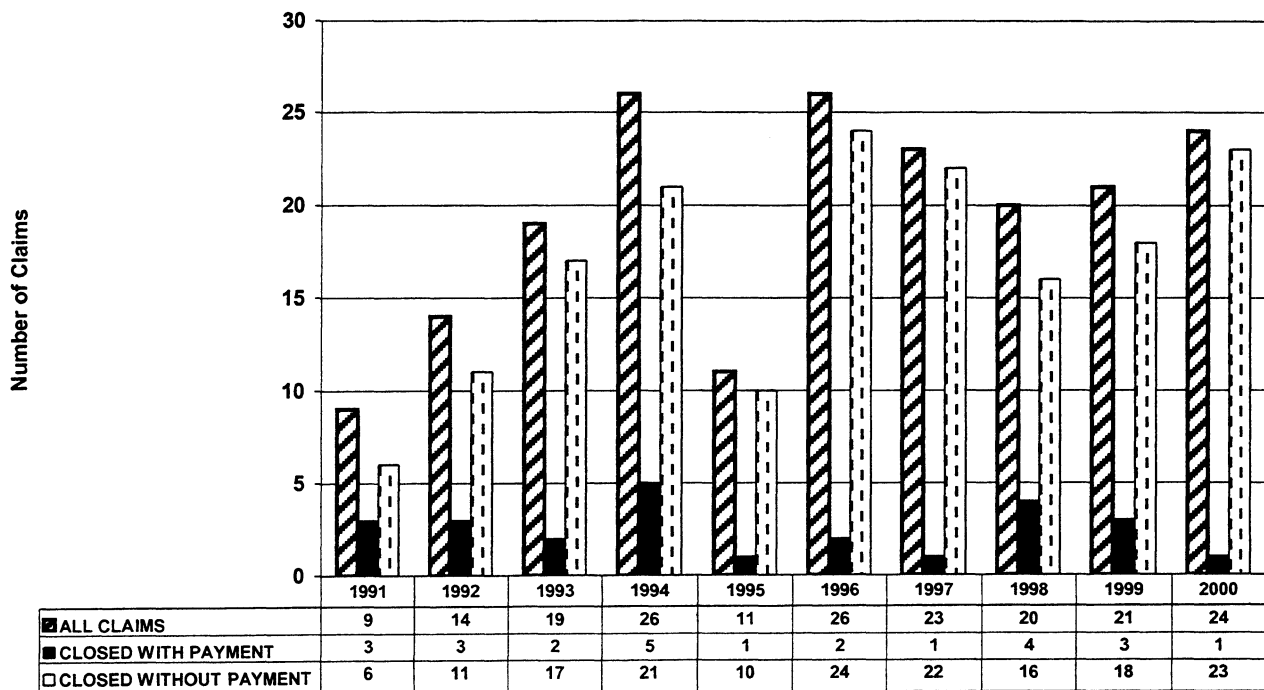


MALICIOUS PROSECUTION OR ABUSE OF PROCESS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

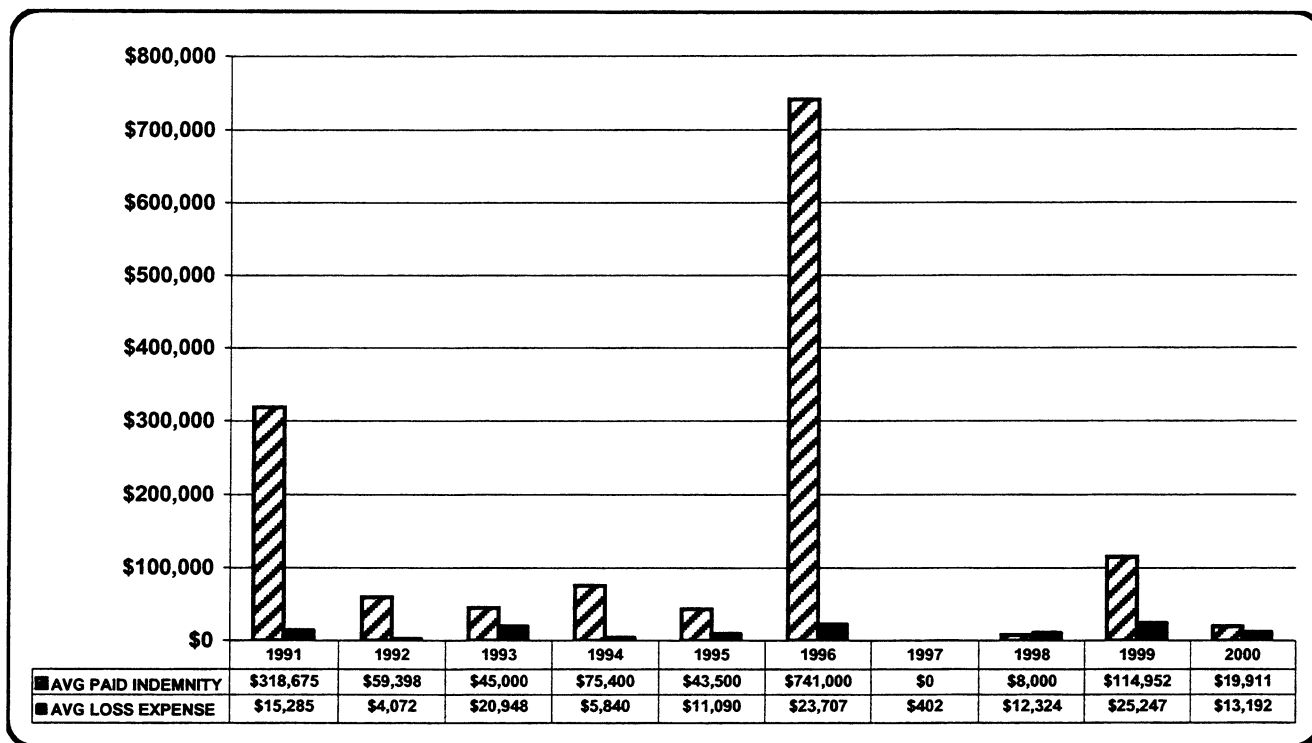


CLAIM COUNT

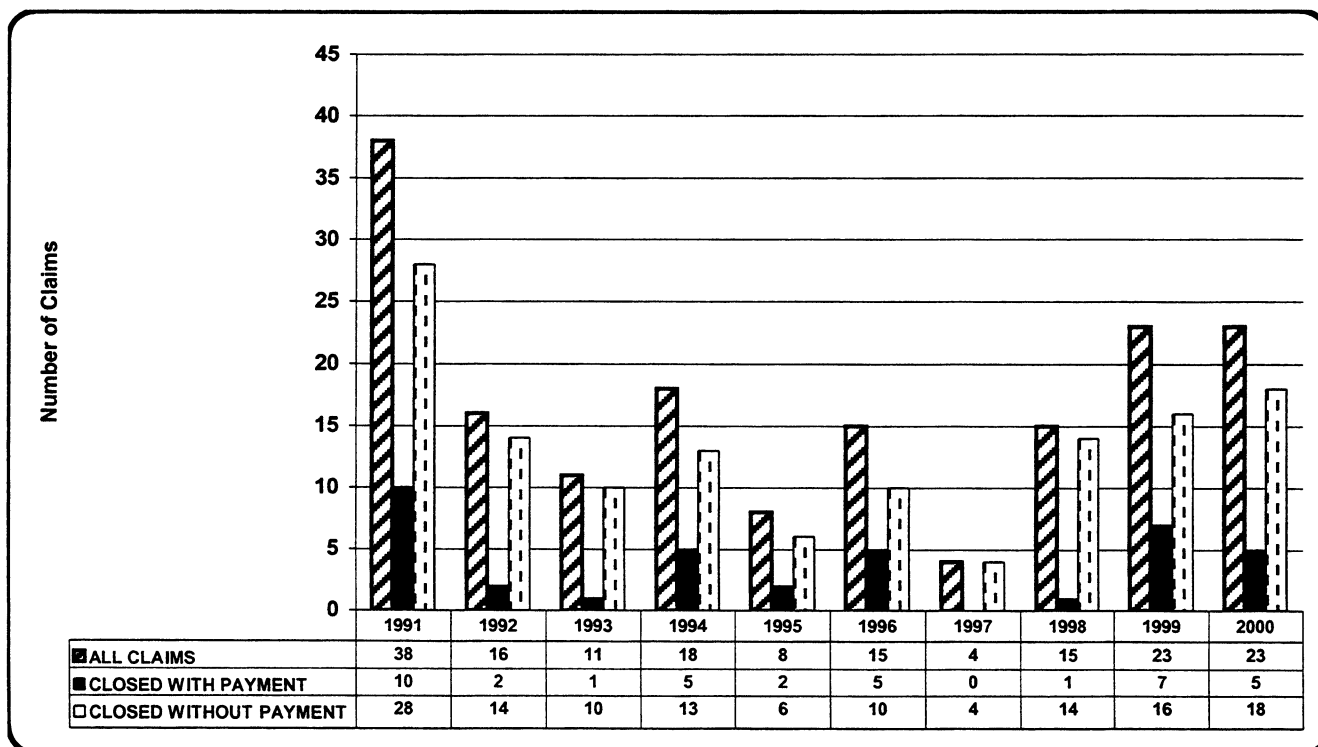


CONFLICT OF INTEREST

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

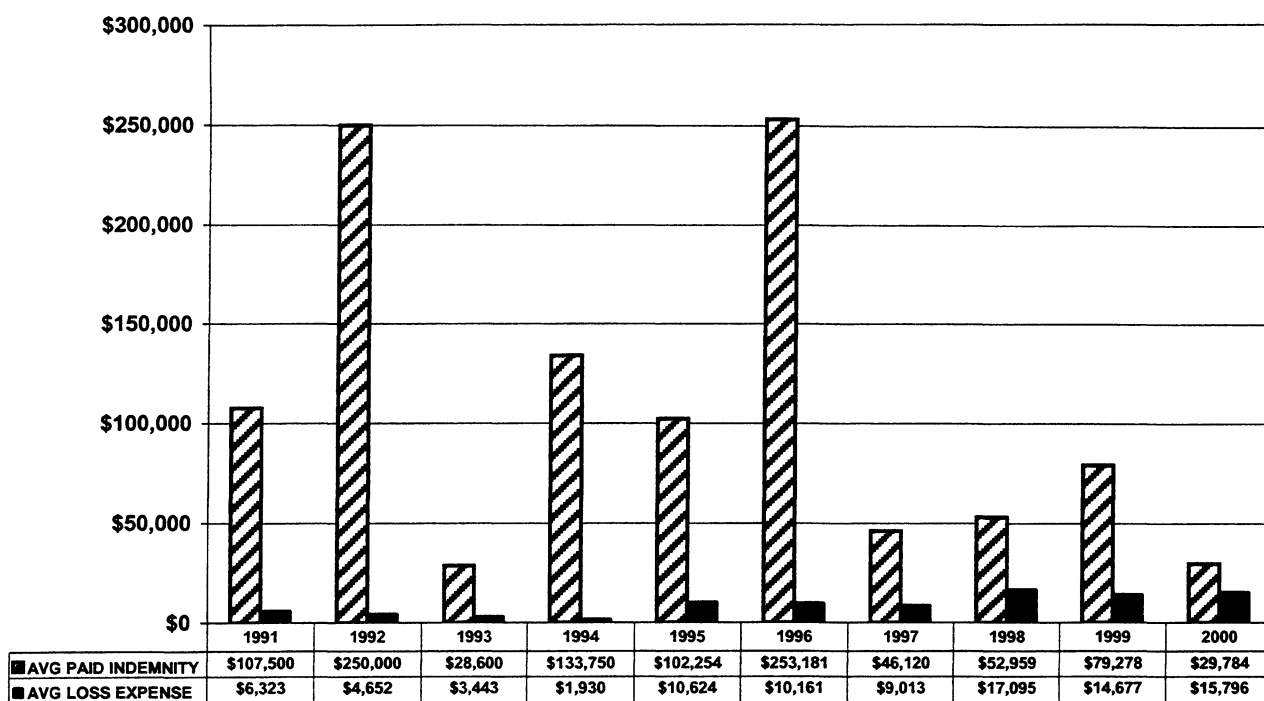


CLAIM COUNT

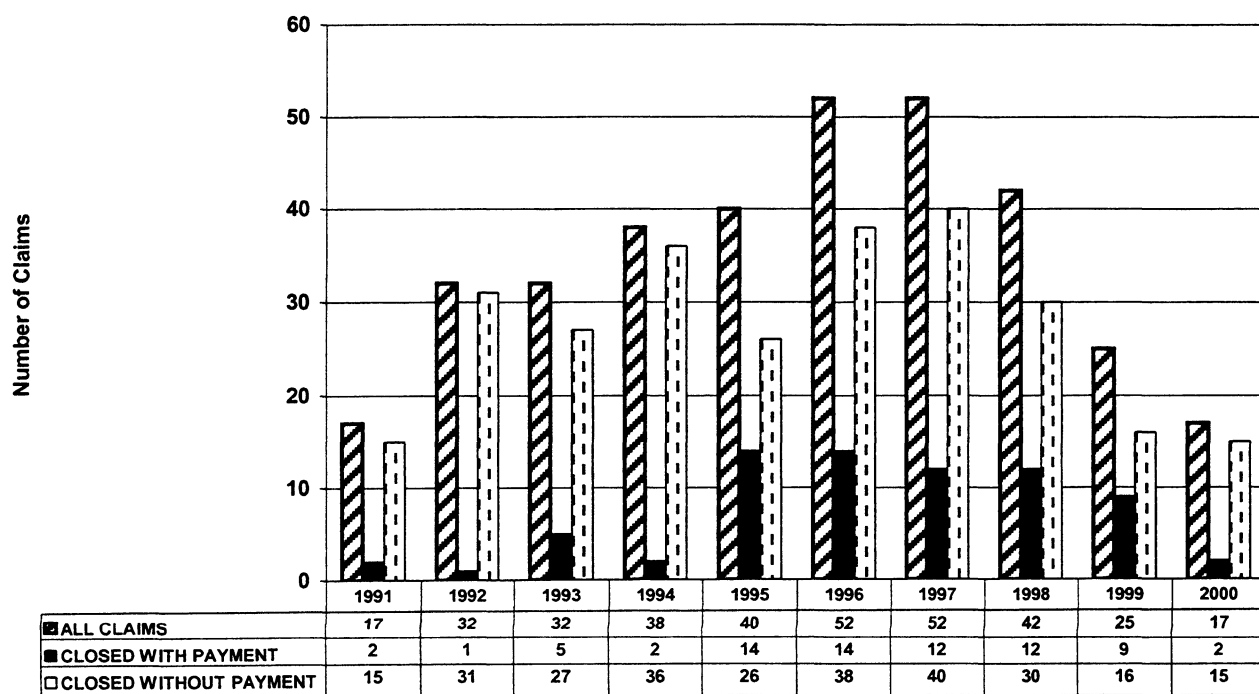


PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

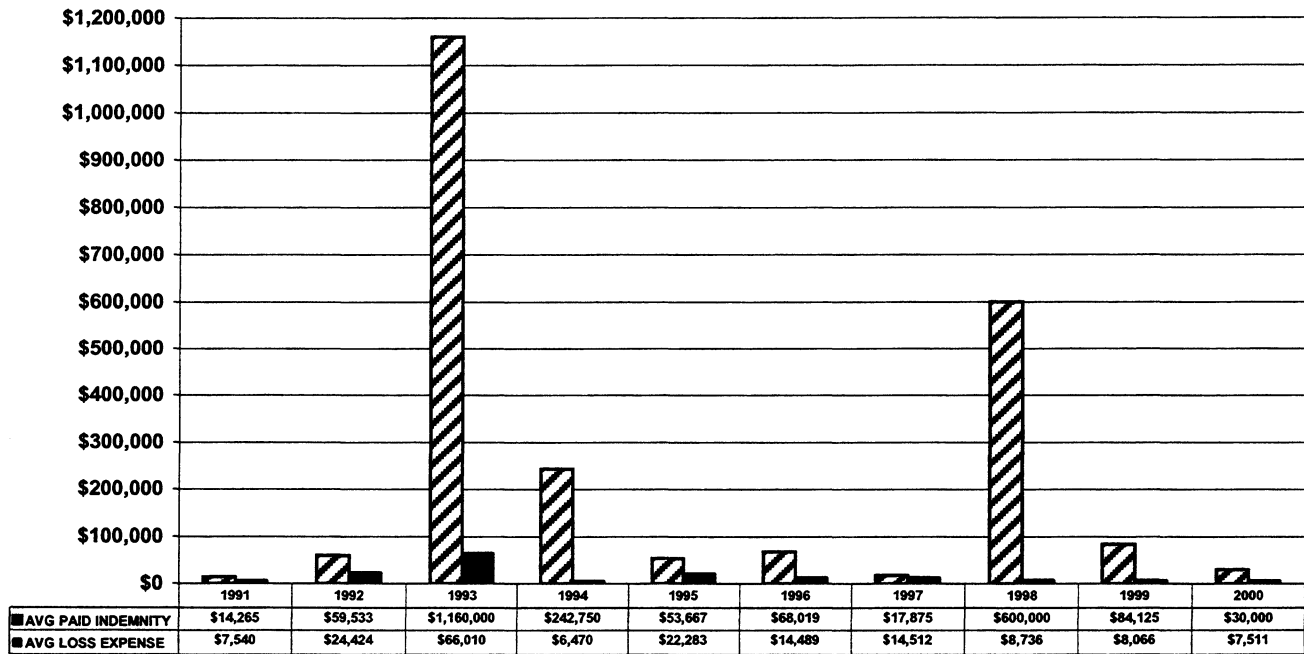


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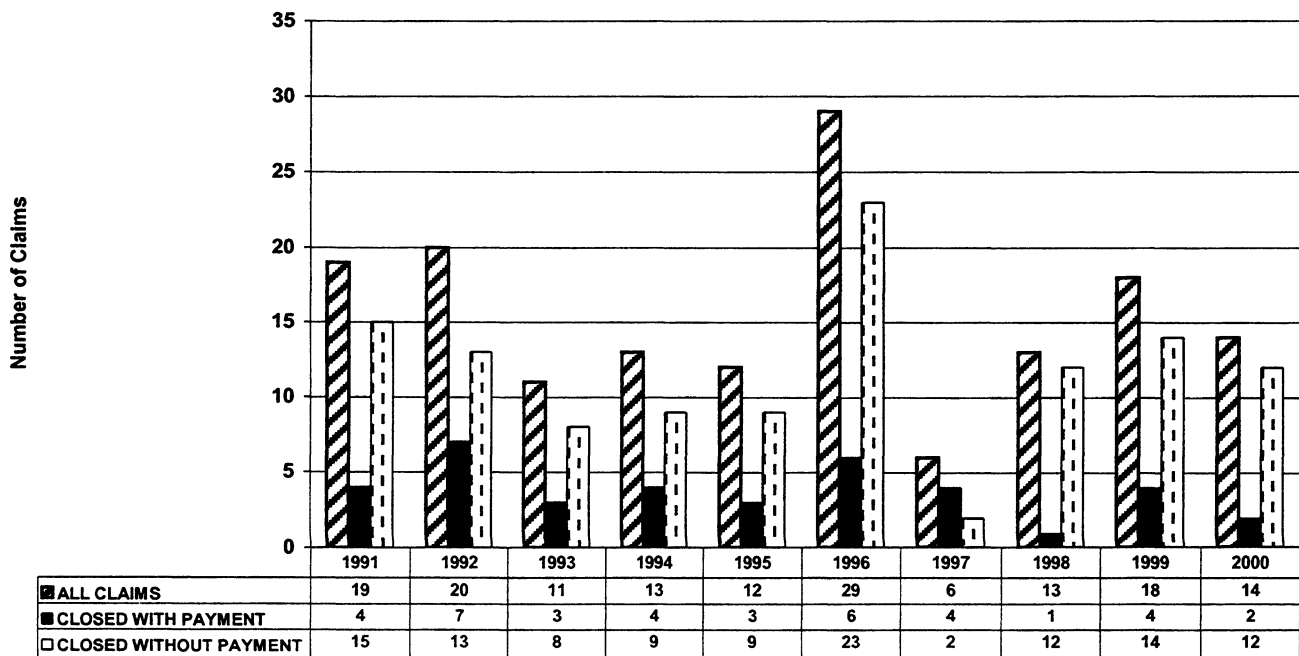


INADEQUATE INVESTIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

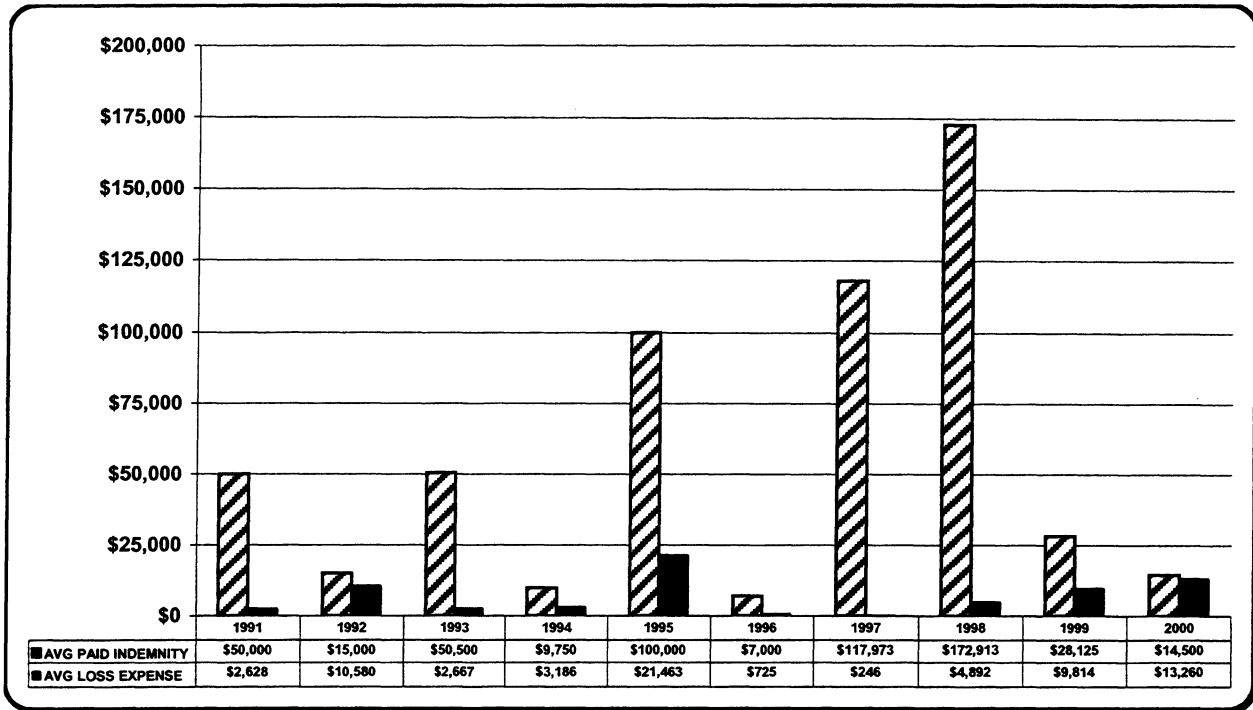


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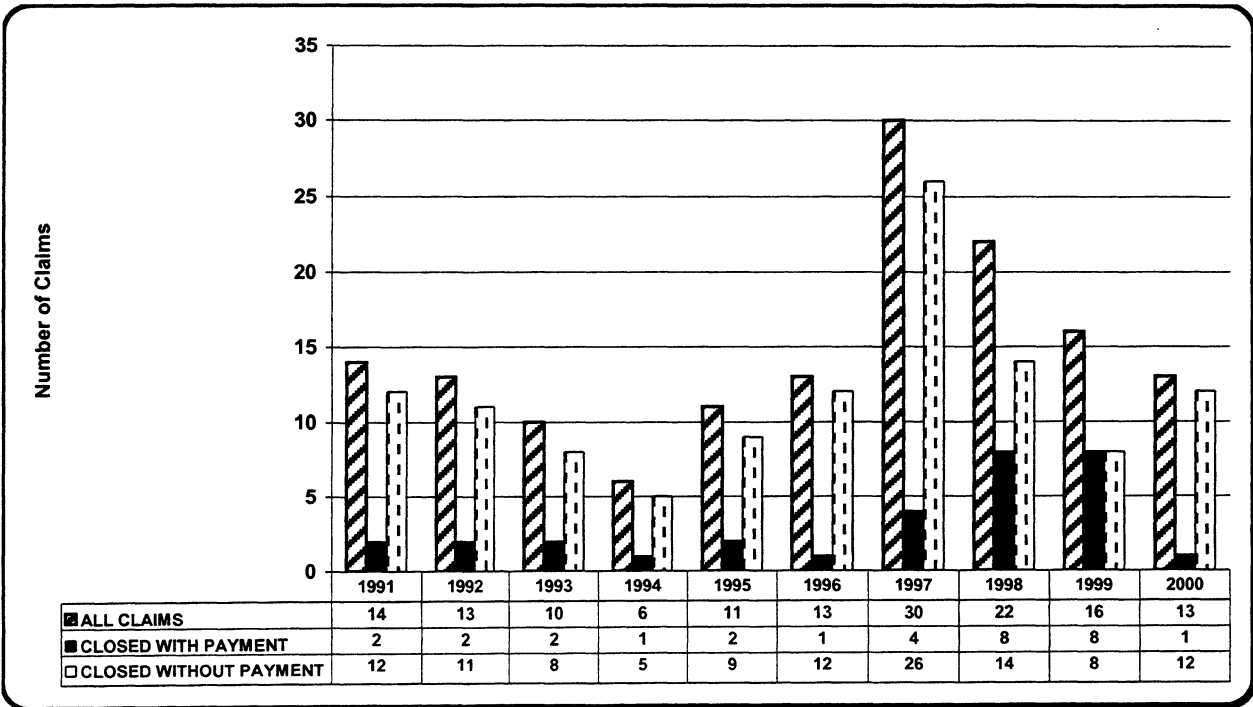


FAIL TO FOLLOW CLIENTS INSTRUCTIONS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

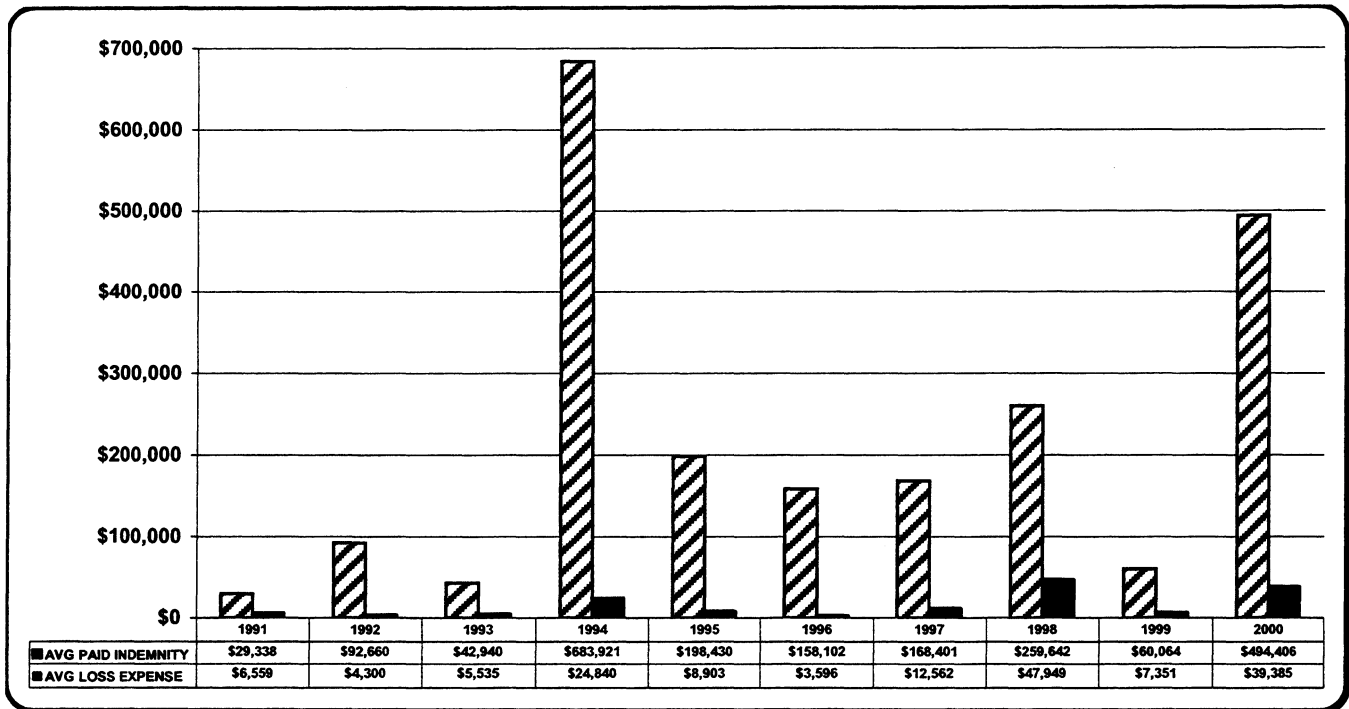


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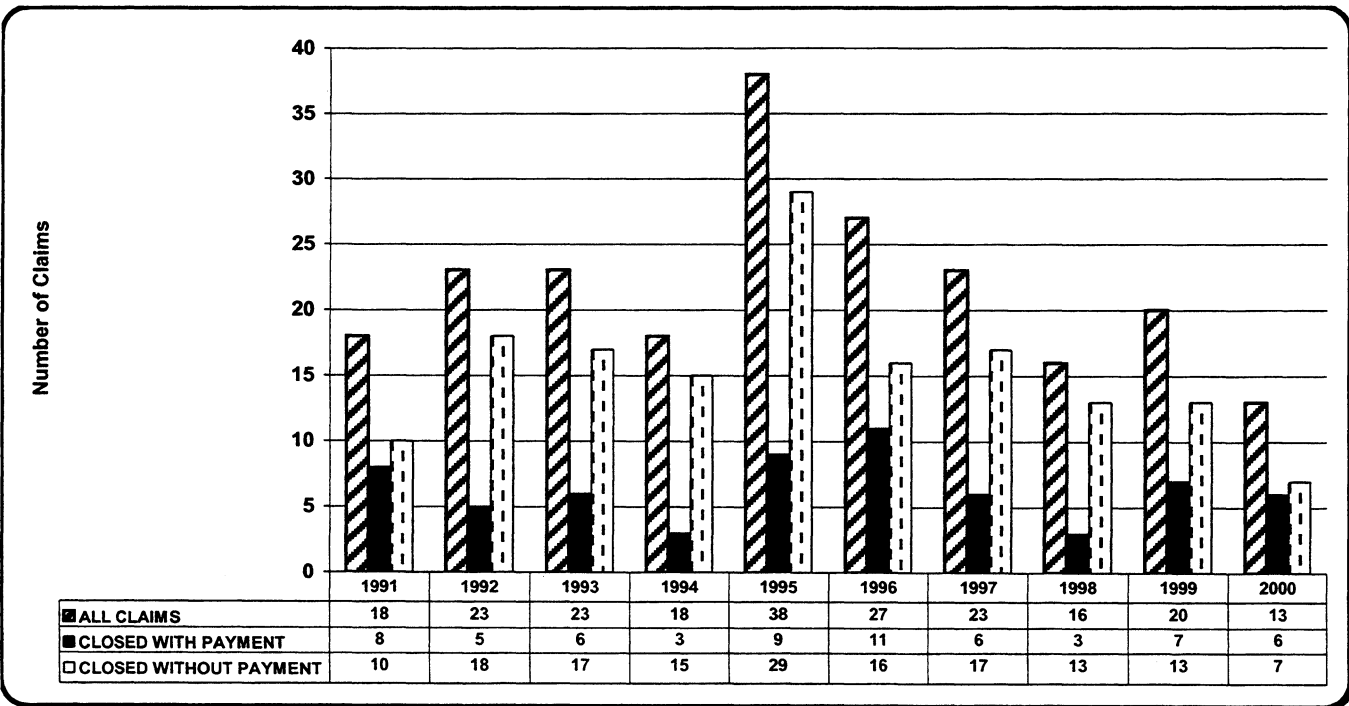


FAIL TO KNOW OR PROPERLY APPLY THE LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

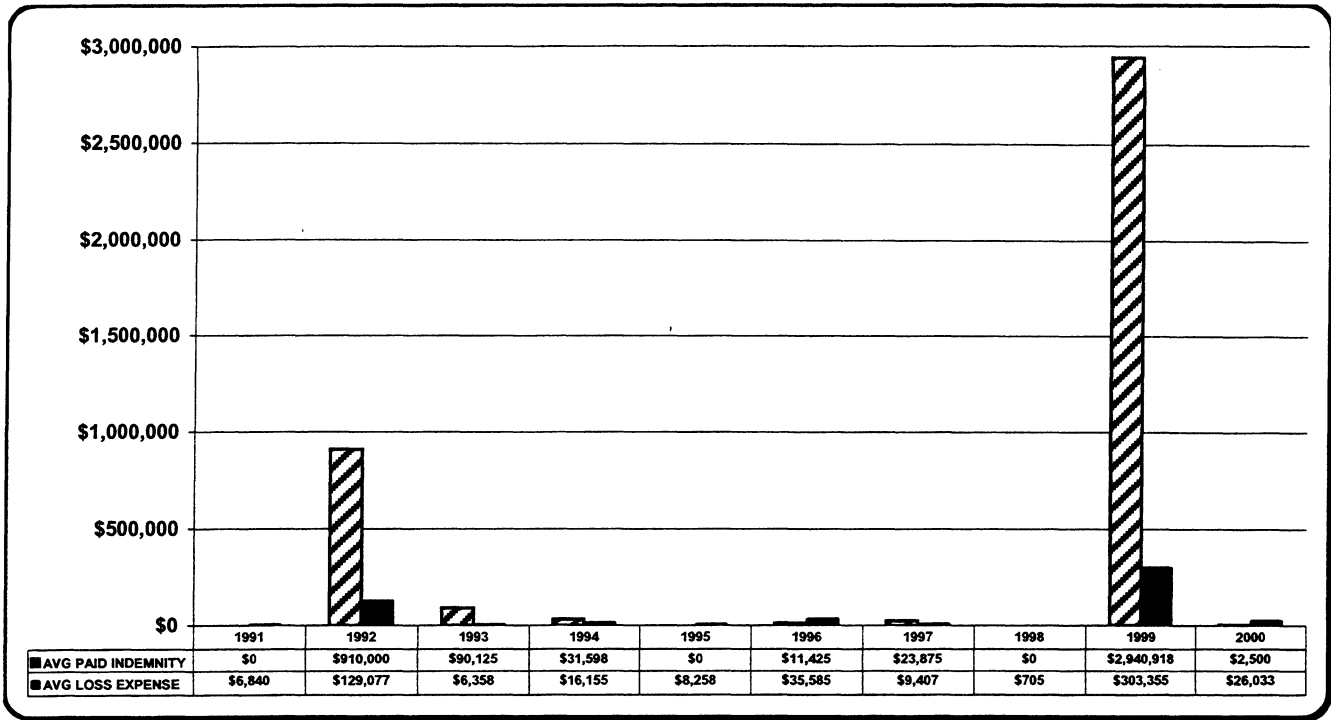


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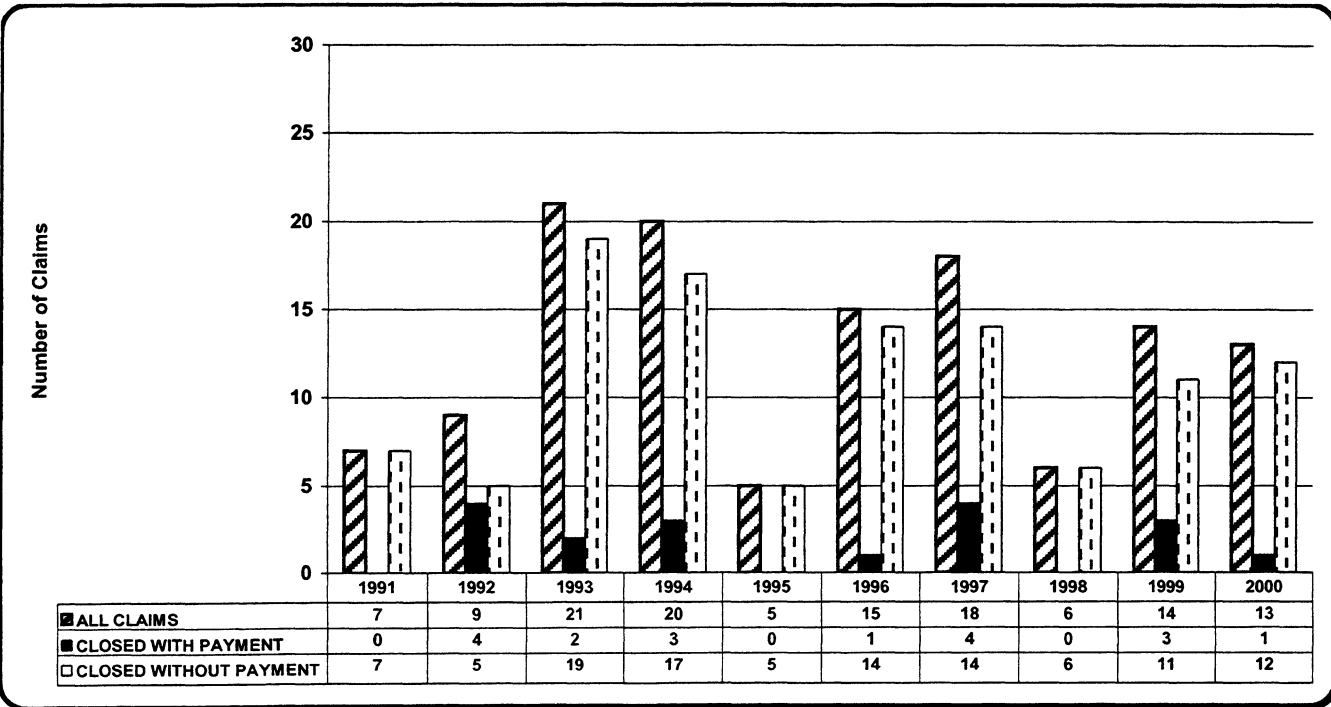


FRAUD

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

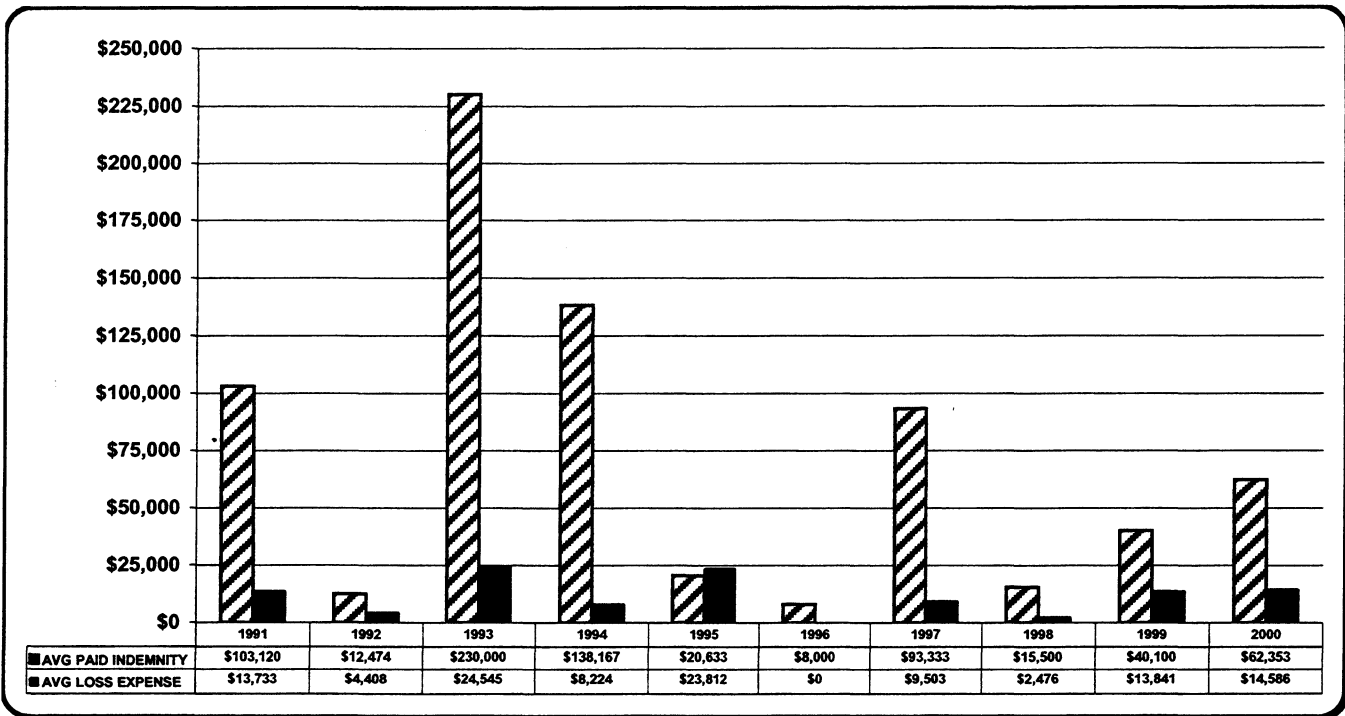


CLAIM COUNT

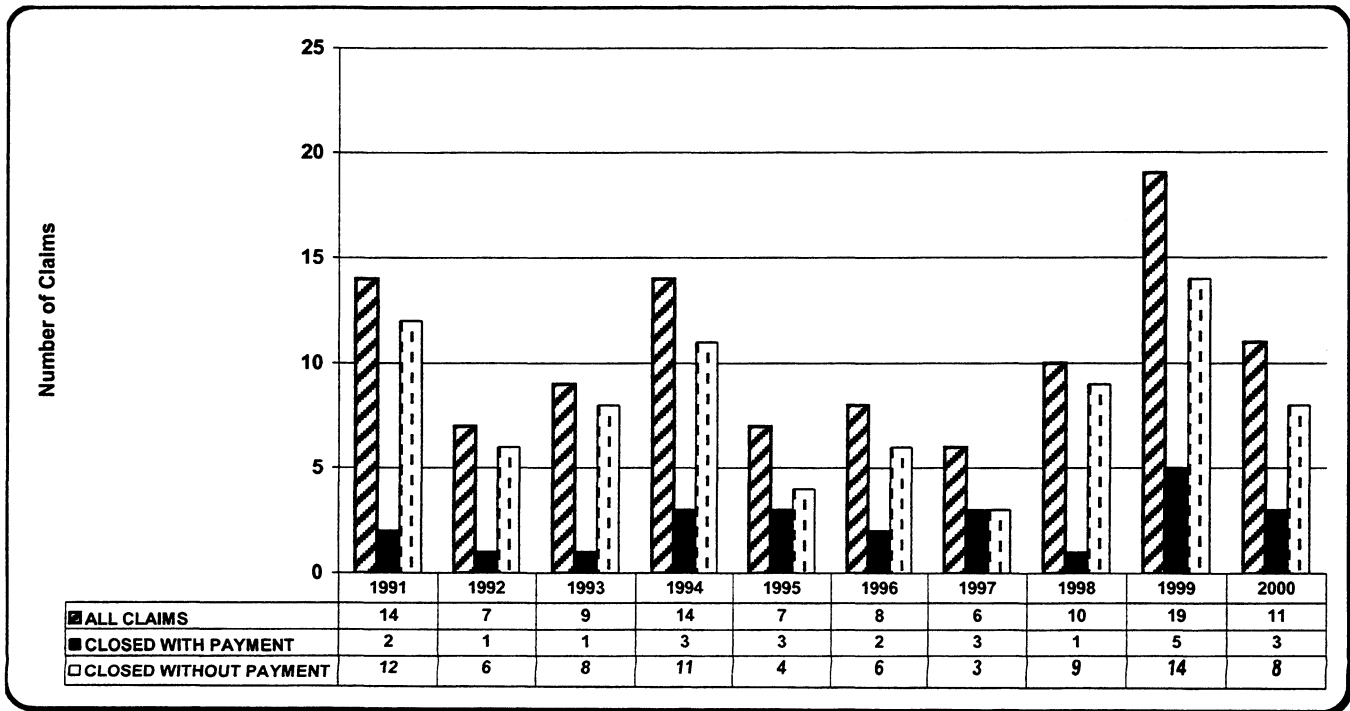


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2000 SUMMARY
BY
CLAIM DISPOSITIONS**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1991 – 2000

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	1,211	318	48.33%	\$68,302	\$21,720,035	28.31%	\$1,376
BEFORE TRIAL OR HEARING	929	287	43.62%	\$147,863	\$42,436,776	55.30%	\$18,906
CLAIM OR SUIT ABANDONED	320	1	0.15%	\$750,000	\$750,000	0.98%	\$1,668
AFTER APPEAL	74	14	2.13%	\$376,500	\$5,270,999	6.87%	\$66,927
DURING TRIAL OR HEARING	47	17	2.58%	\$196,125	\$3,334,127	4.35%	\$28,935
AFTER JUDGMENT, BEFORE APPEAL	37	8	1.22%	\$177,764	\$1,422,110	1.85%	\$22,057
DURING APPEAL	22	9	1.37%	\$136,629	\$1,229,663	1.60%	\$46,110
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	21	4	0.61%	\$142,727	\$570,906	0.74%	\$19,448
DURING REVIEW PANEL	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	2,662	658	100.00%	\$116,618	\$76,734,616	100.00%	\$10,637

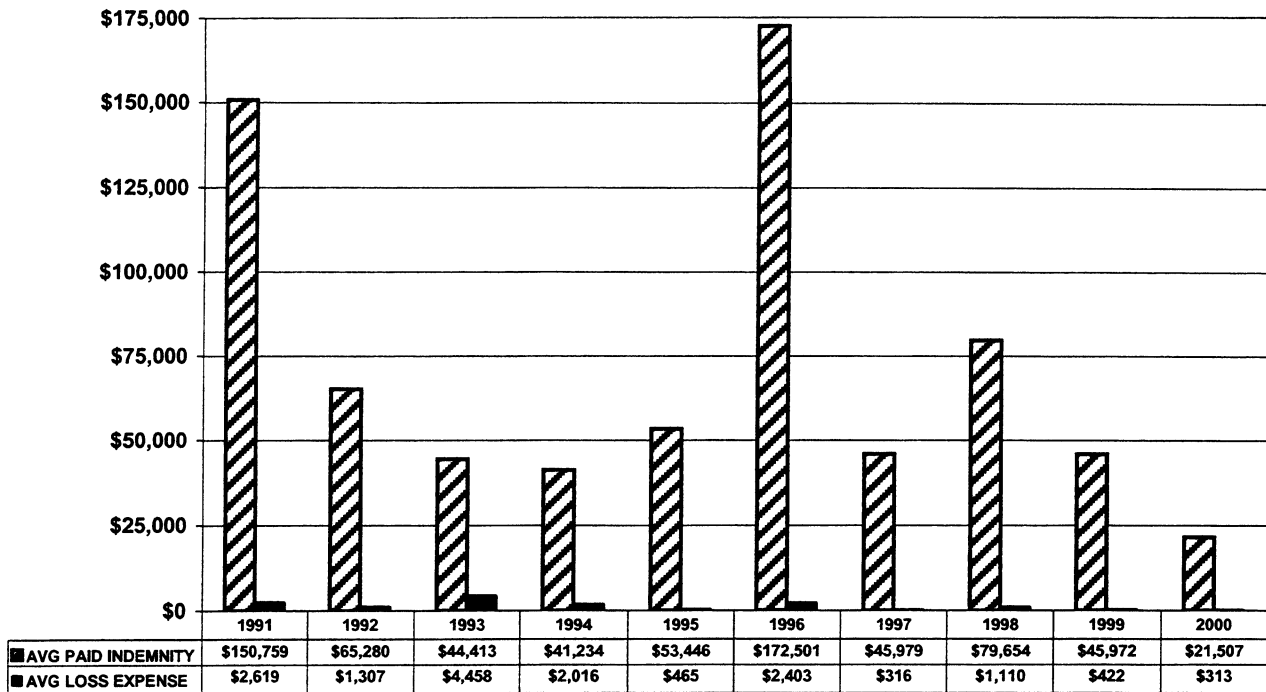
**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 2000**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	141	33	51.56%	\$21,507	\$709,722	10.80%	\$313
BEFORE TRIAL OR HEARING	86	25	39.06%	\$163,158	\$4,078,952	62.08%	\$19,122
AFTER APPEAL	11	2	3.13%	\$201,223	\$402,446	6.12%	\$73,653
CLAIM OR SUIT ABANDONED	11	0	0.00%	N/A	\$0	0.00%	\$2,229
AFTER JUDGMENT, BEFORE APPEAL	9	2	3.13%	\$477,245	\$954,489	14.53%	\$27,916
DURING TRIAL OR HEARING	3	1	1.56%	\$175,000	\$175,000	2.66%	\$29,613
DURING APPEAL	2	1	1.56%	\$250,000	\$250,000	3.80%	\$266,548
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	1	0	0.00%	N/A	\$0	0.00%	\$21,576
TOTAL	264	64	100.00%	\$102,666	\$6,570,609	100.00%	\$12,947

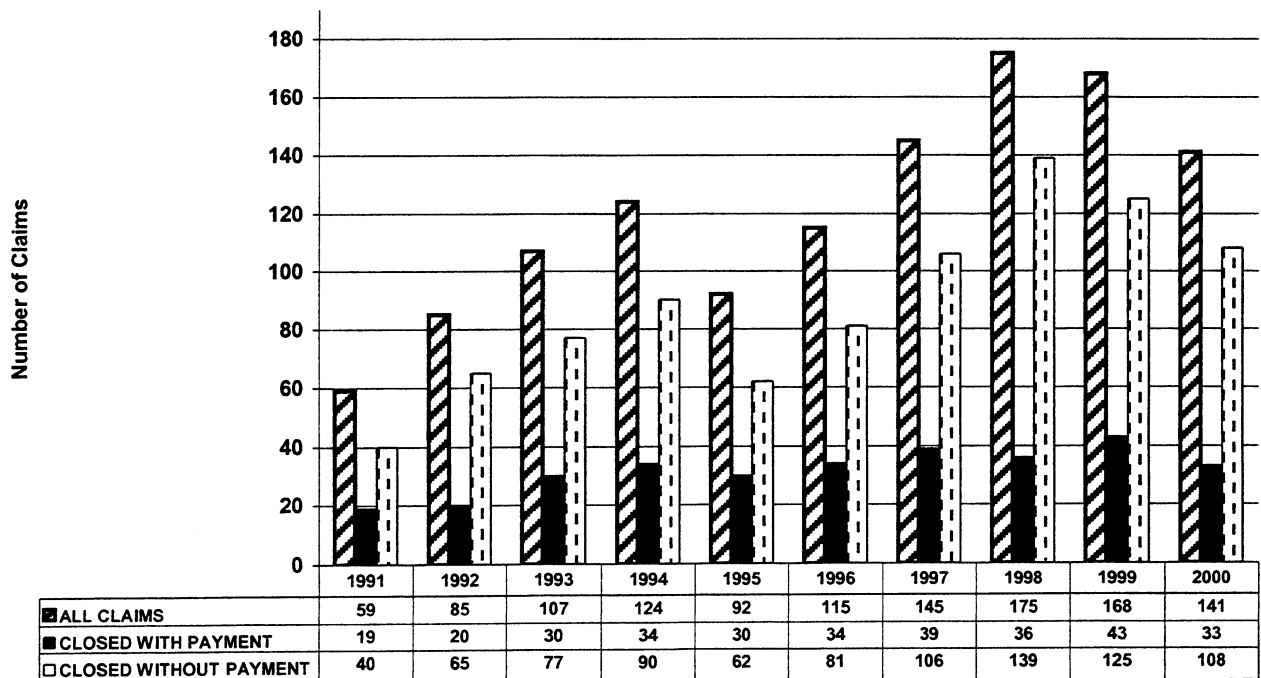
**TRENDS
OF THE TOP EIGHT
CLAIM DISPOSITIONS
OF 2000**

BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

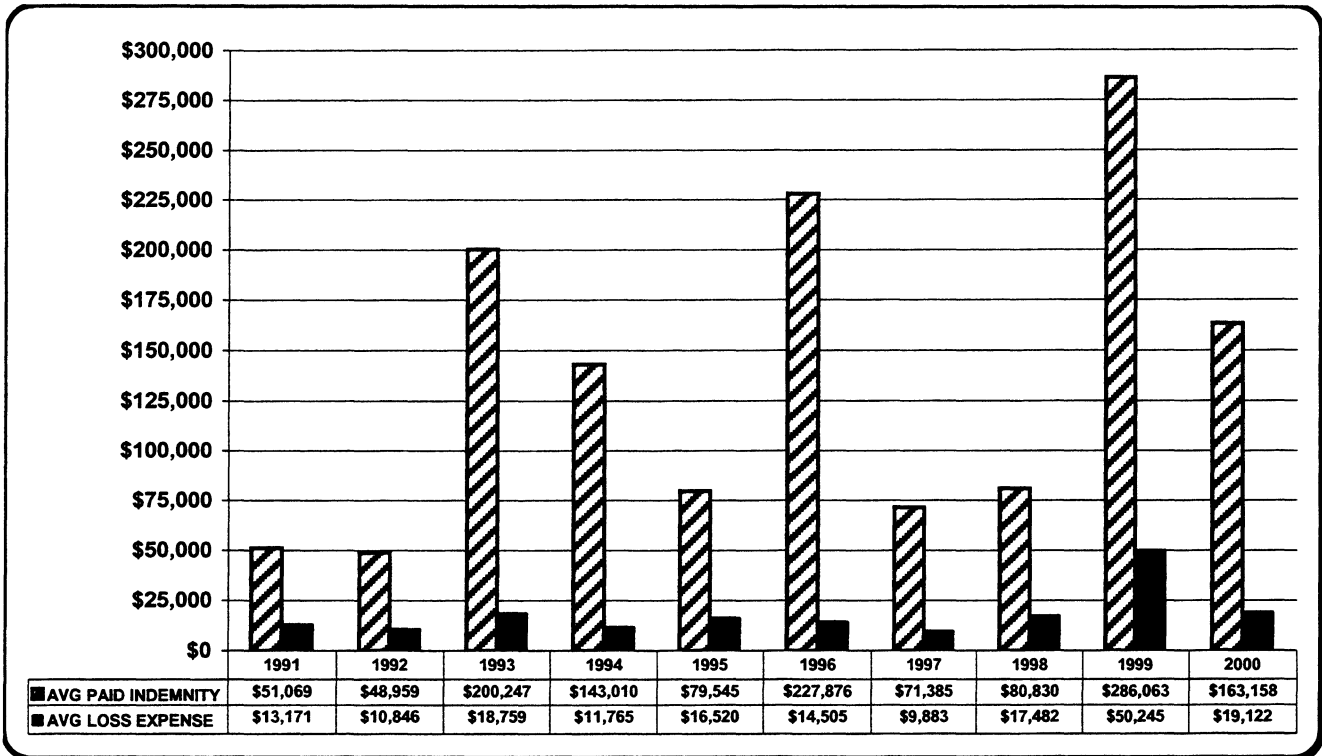


CLAIM COUNT

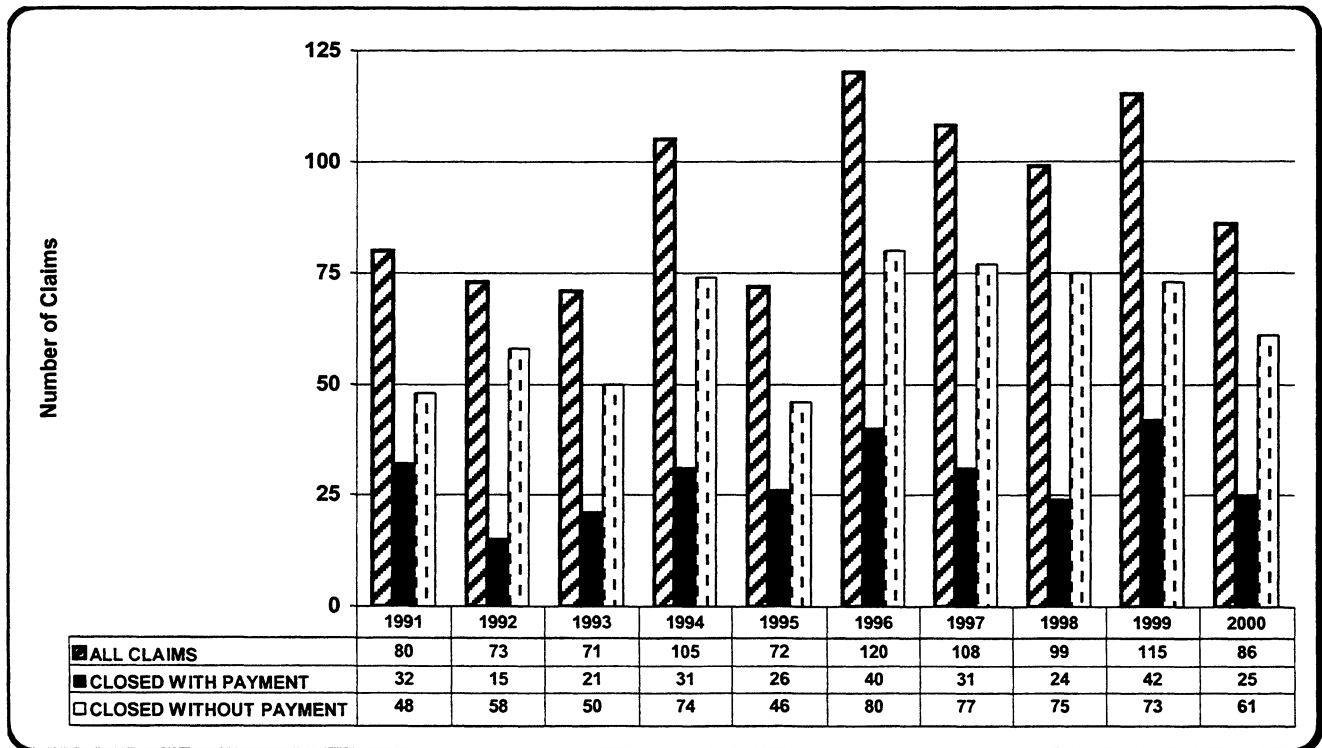


BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

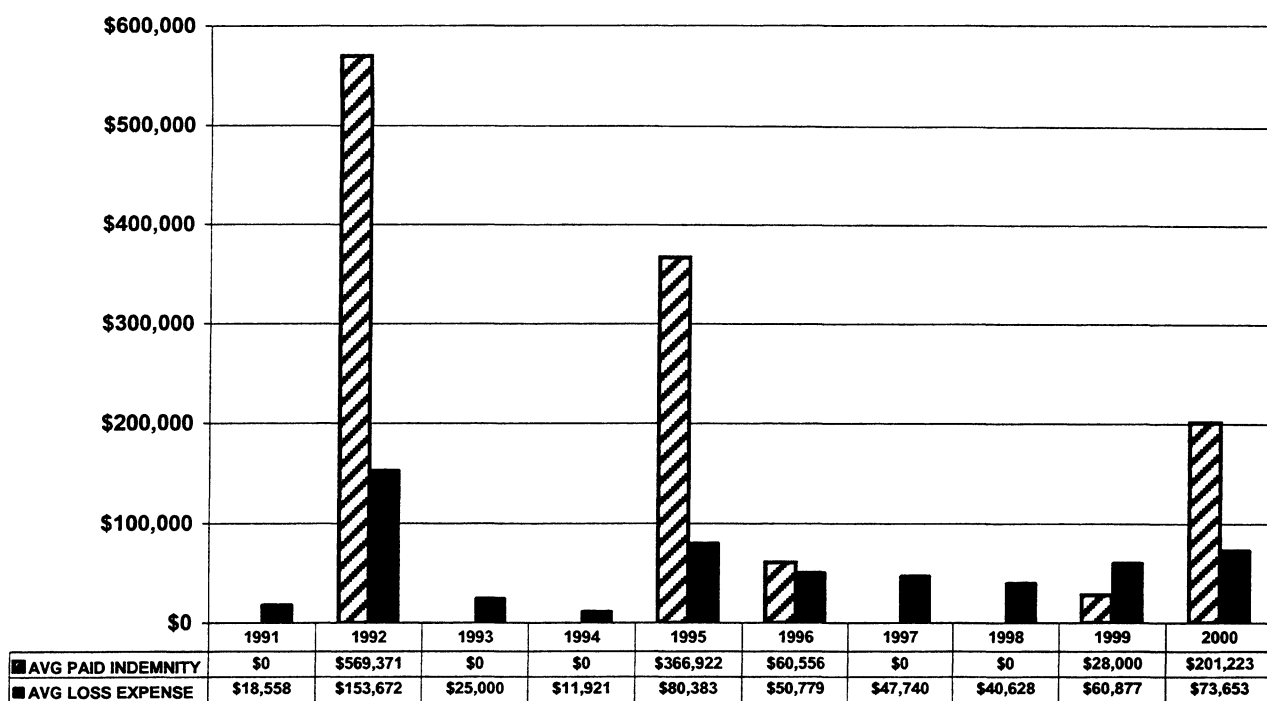


CLAIM COUNT

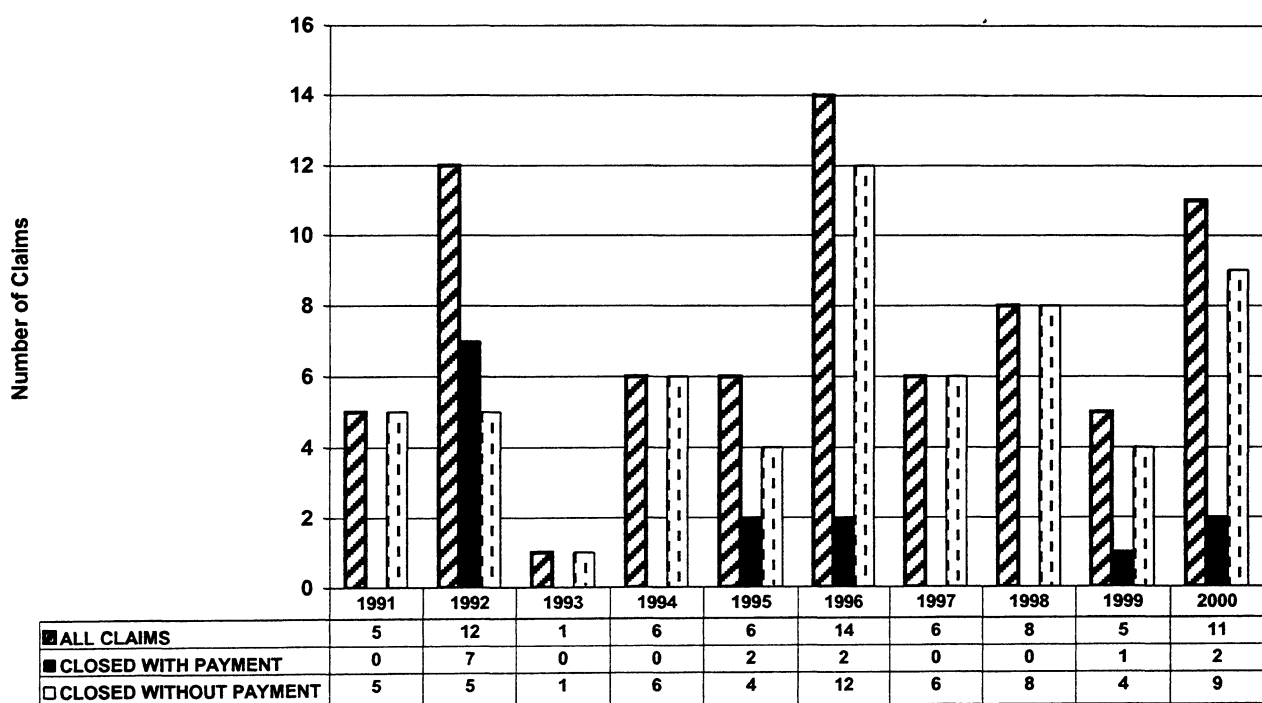


AFTER APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

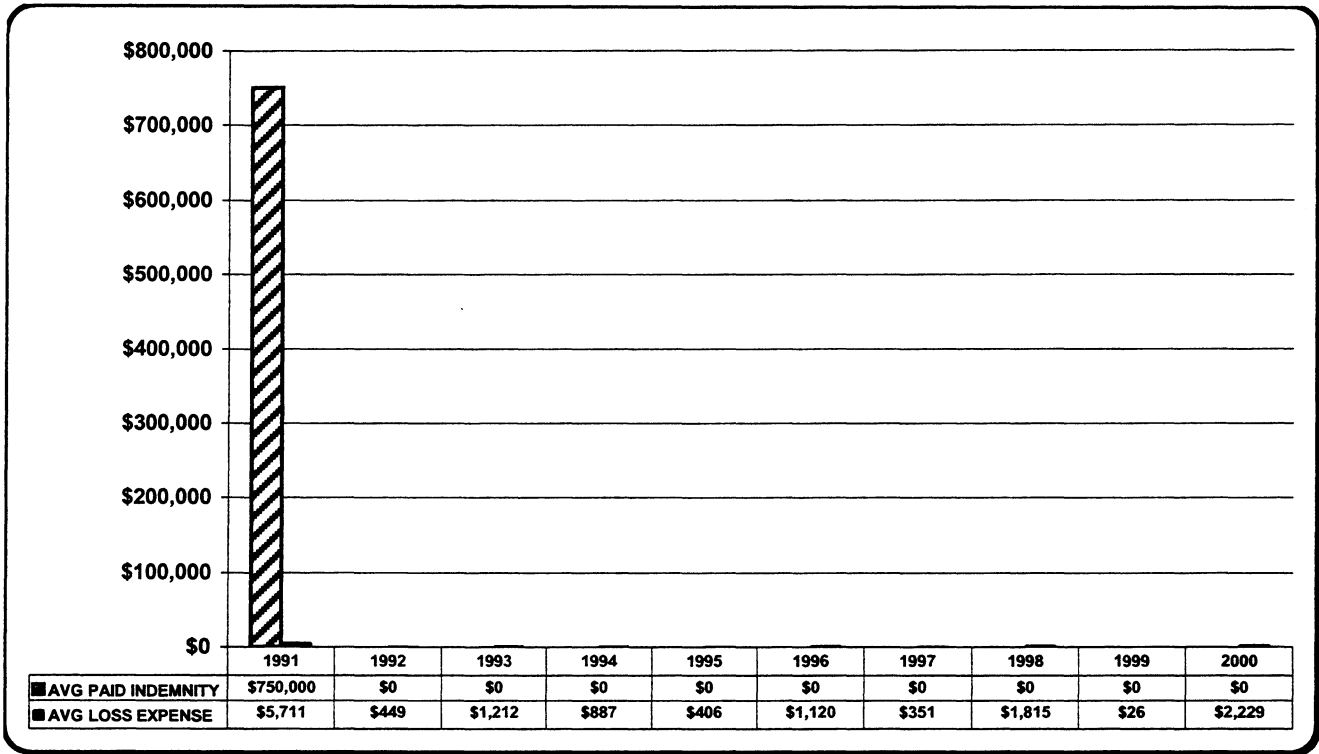


CLAIM COUNT

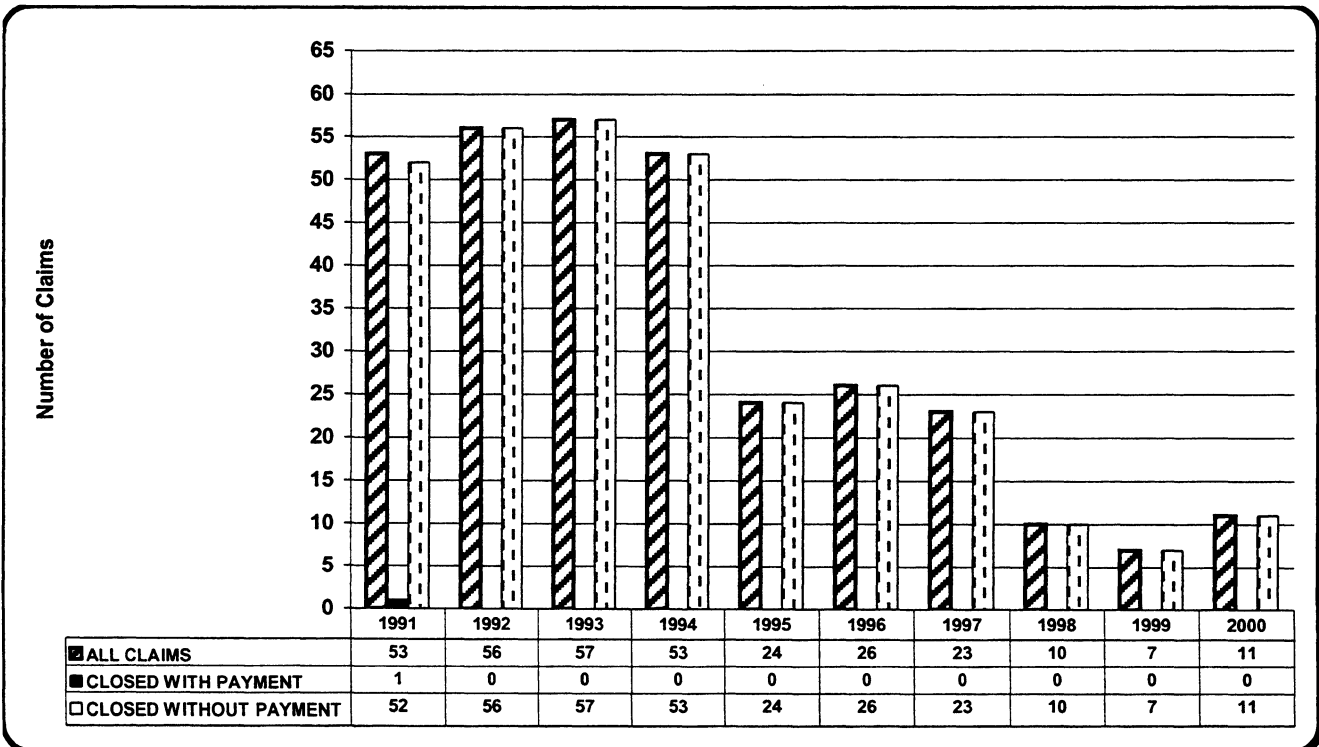


CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

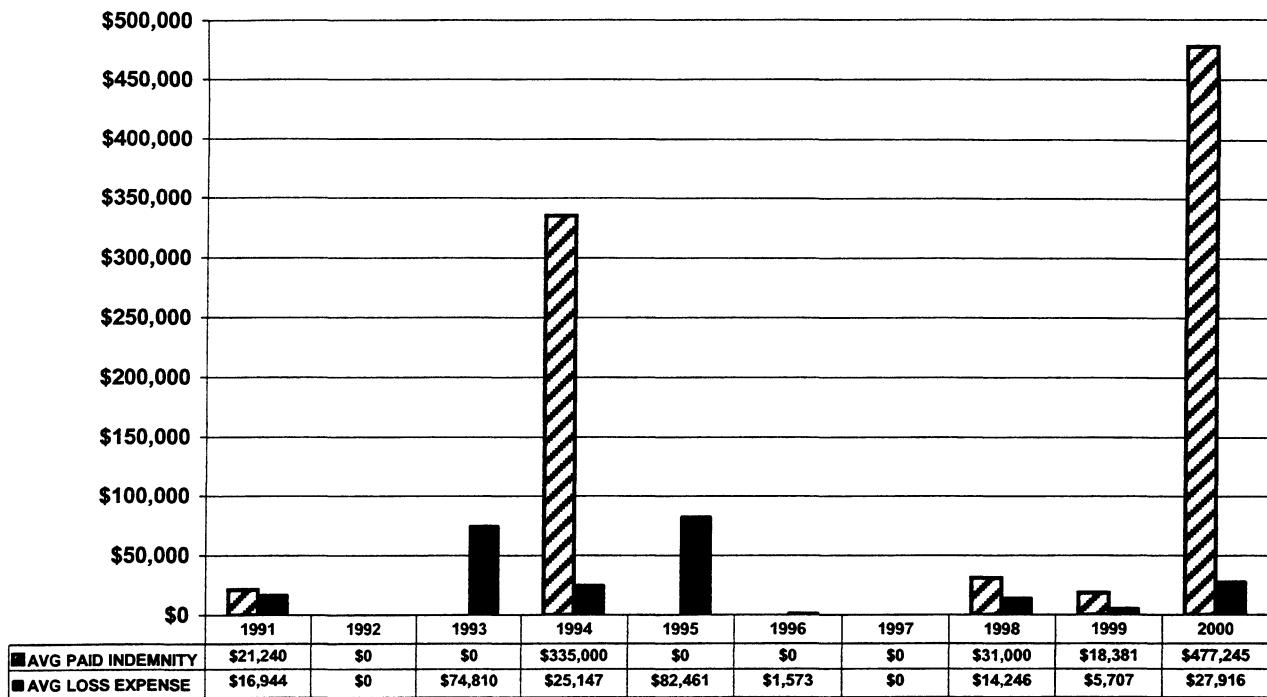


CLAIM COUNT

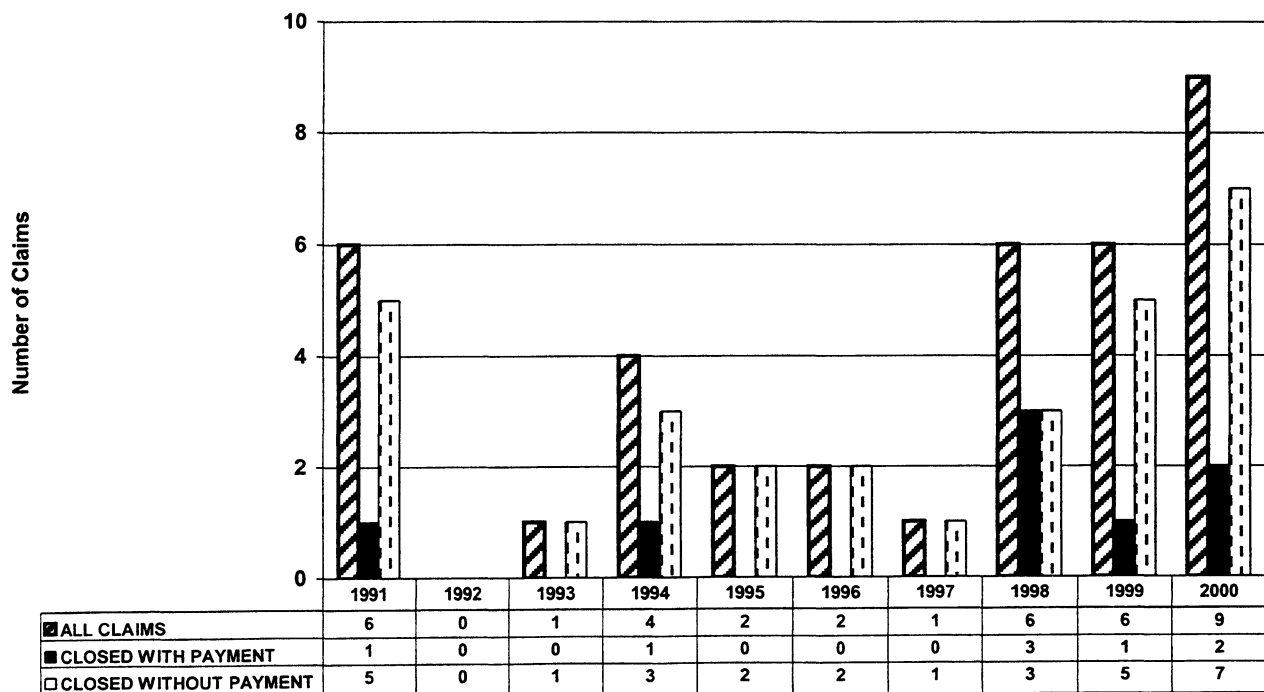


AFTER JUDGMENT, BEFORE APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

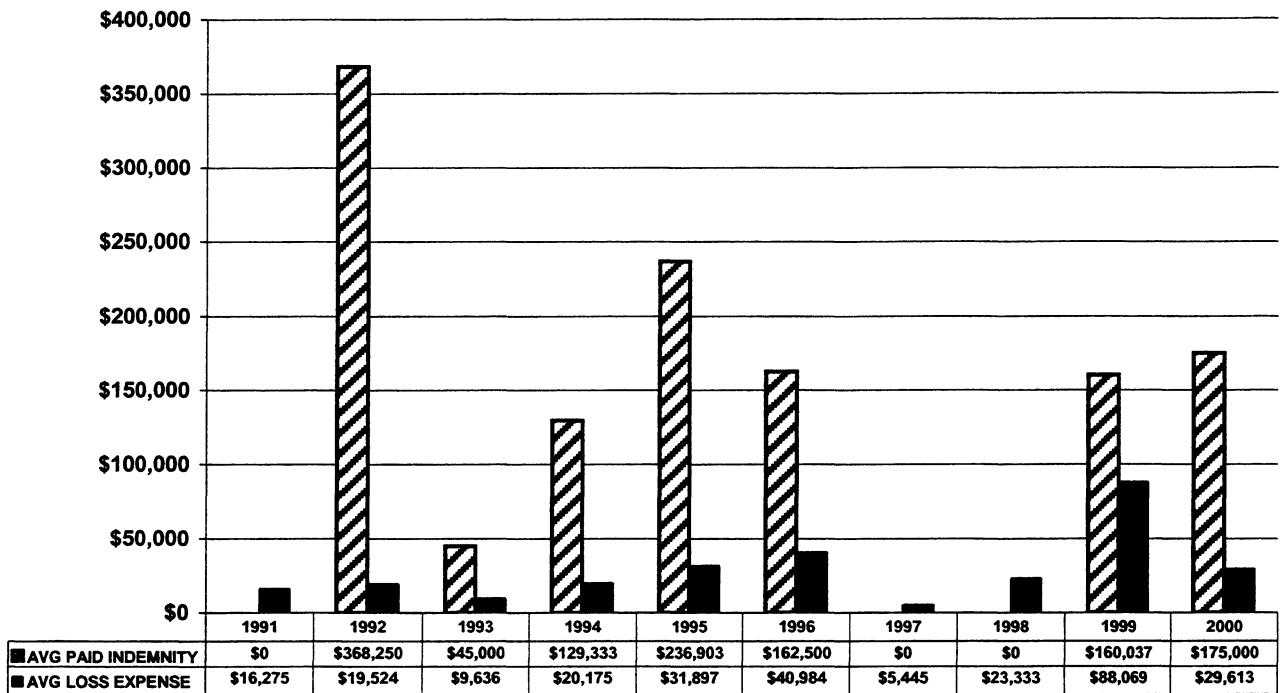


CLAIM COUNT

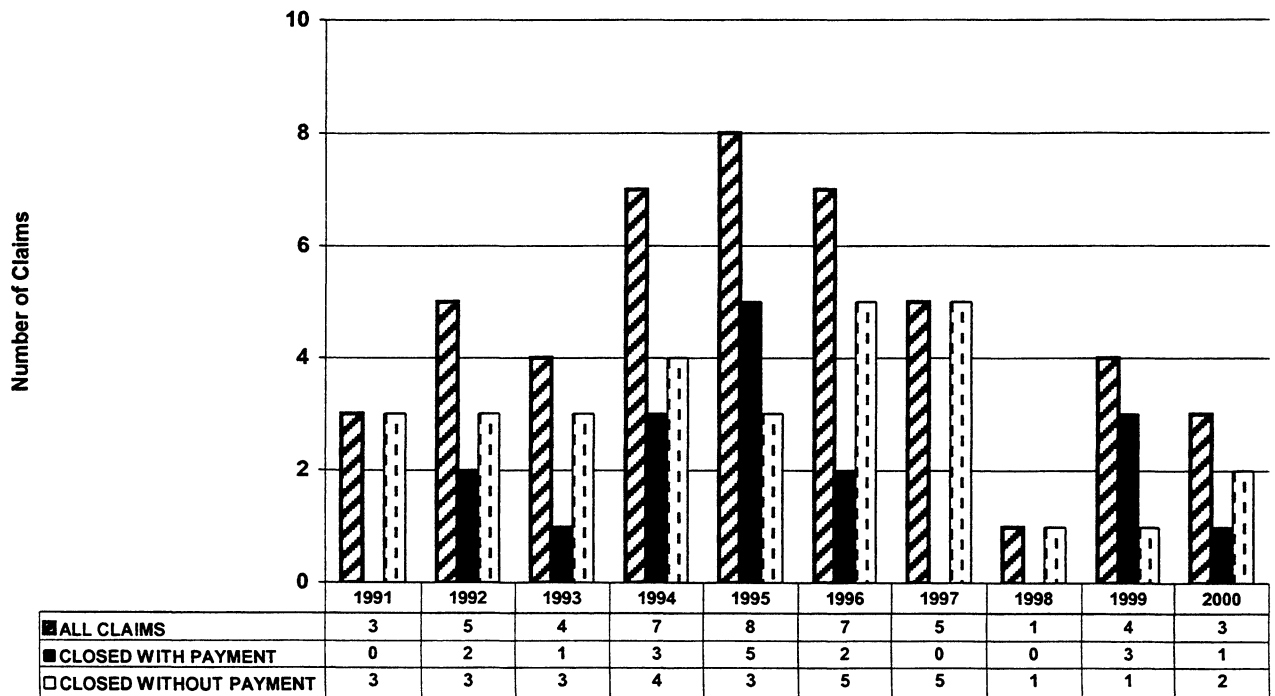


DURING TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

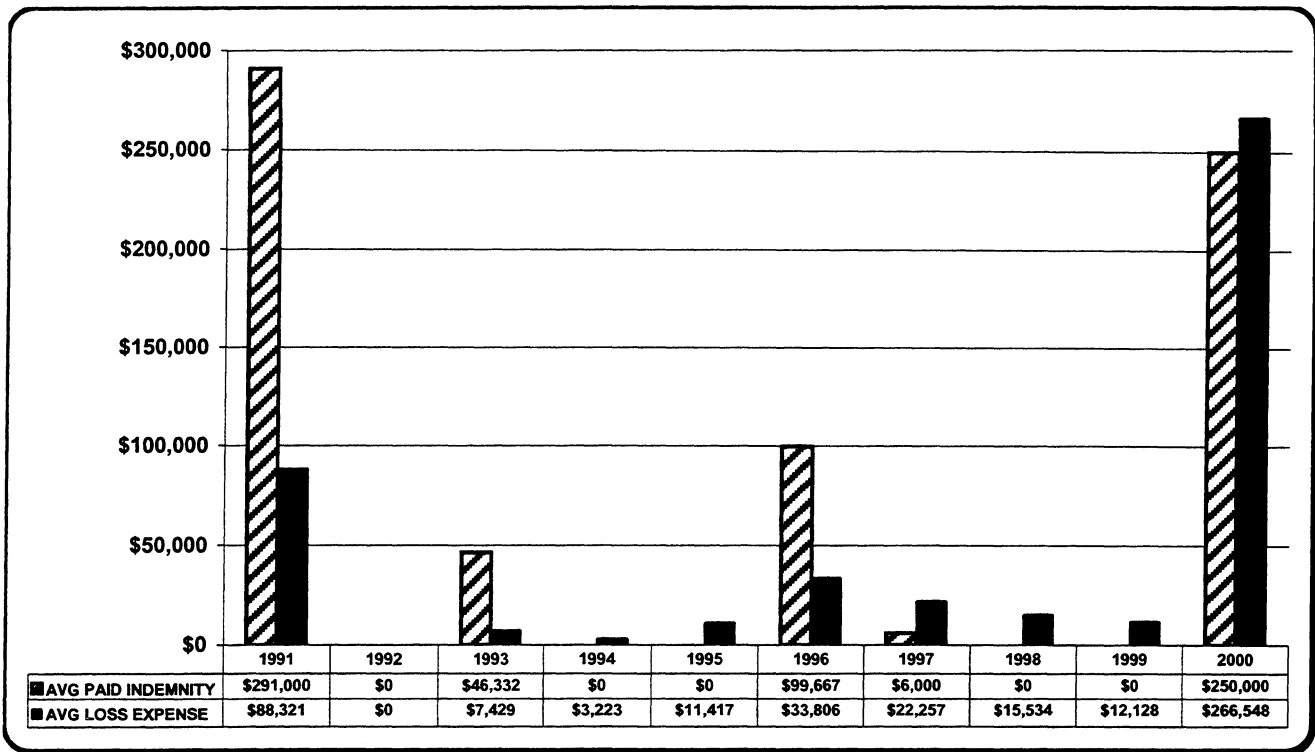


CLAIM COUNT

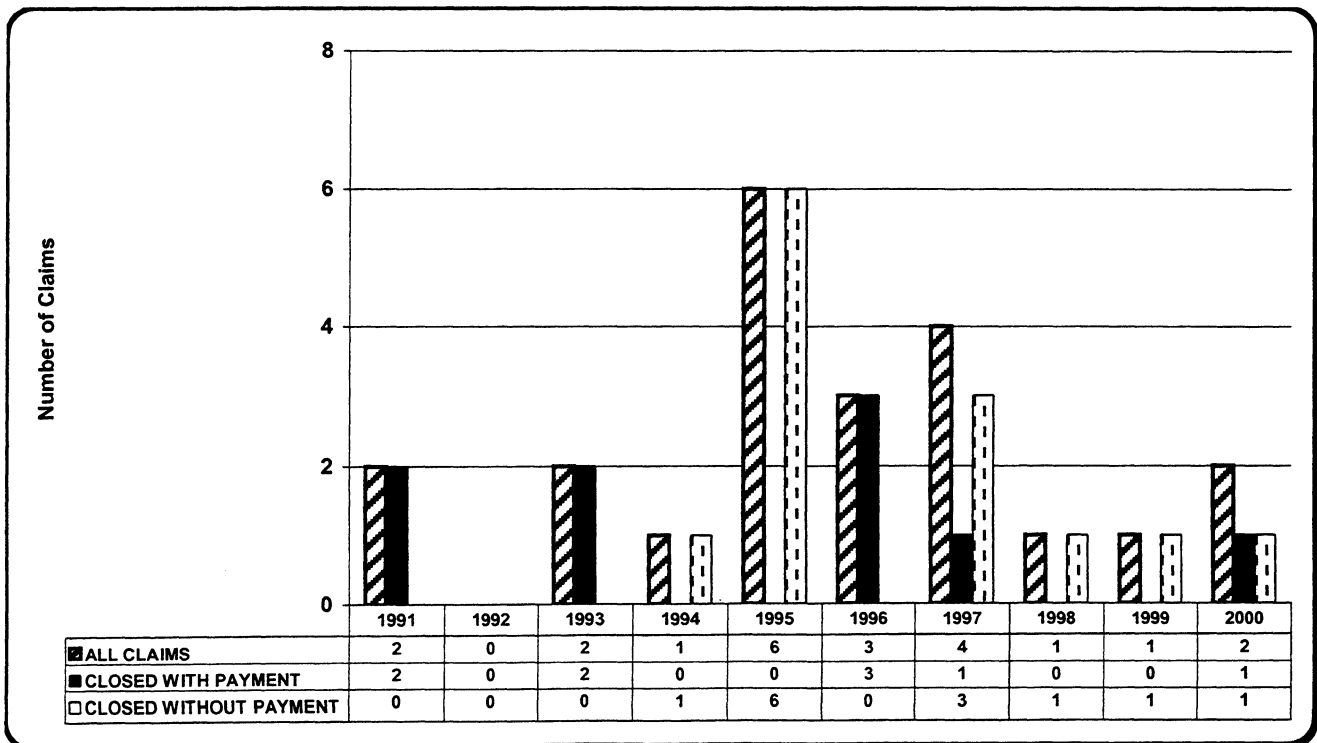


DURING APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

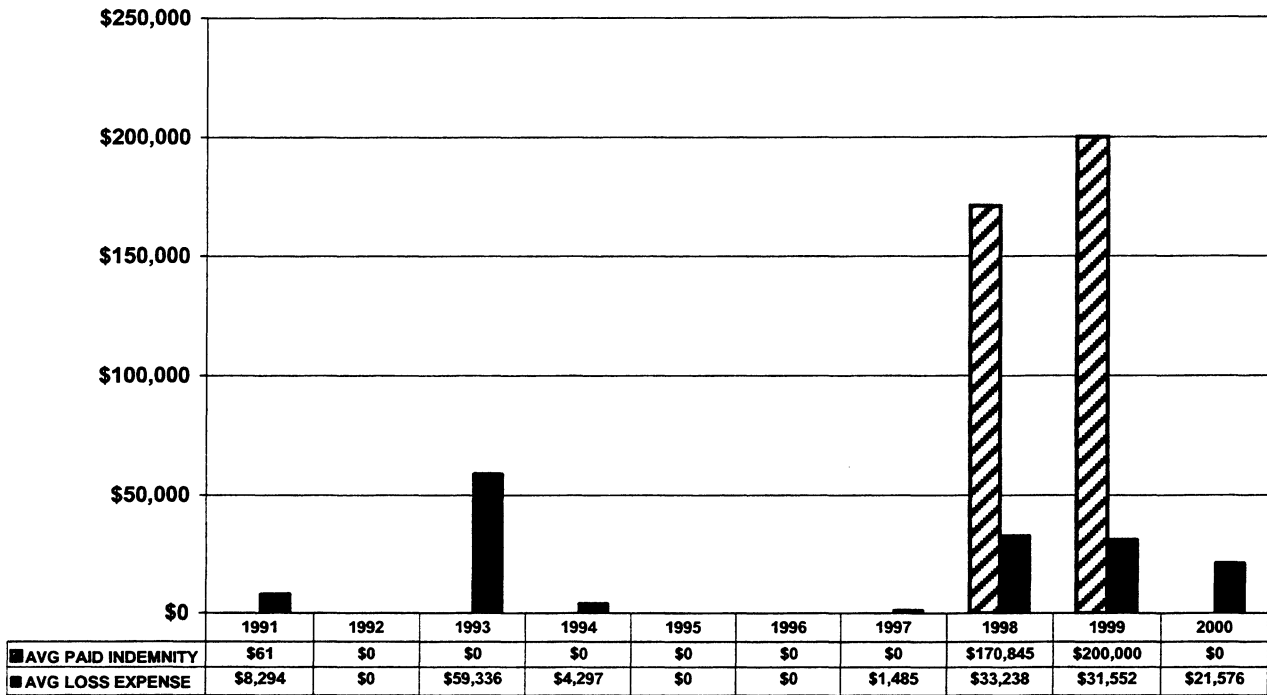


CLAIM COUNT

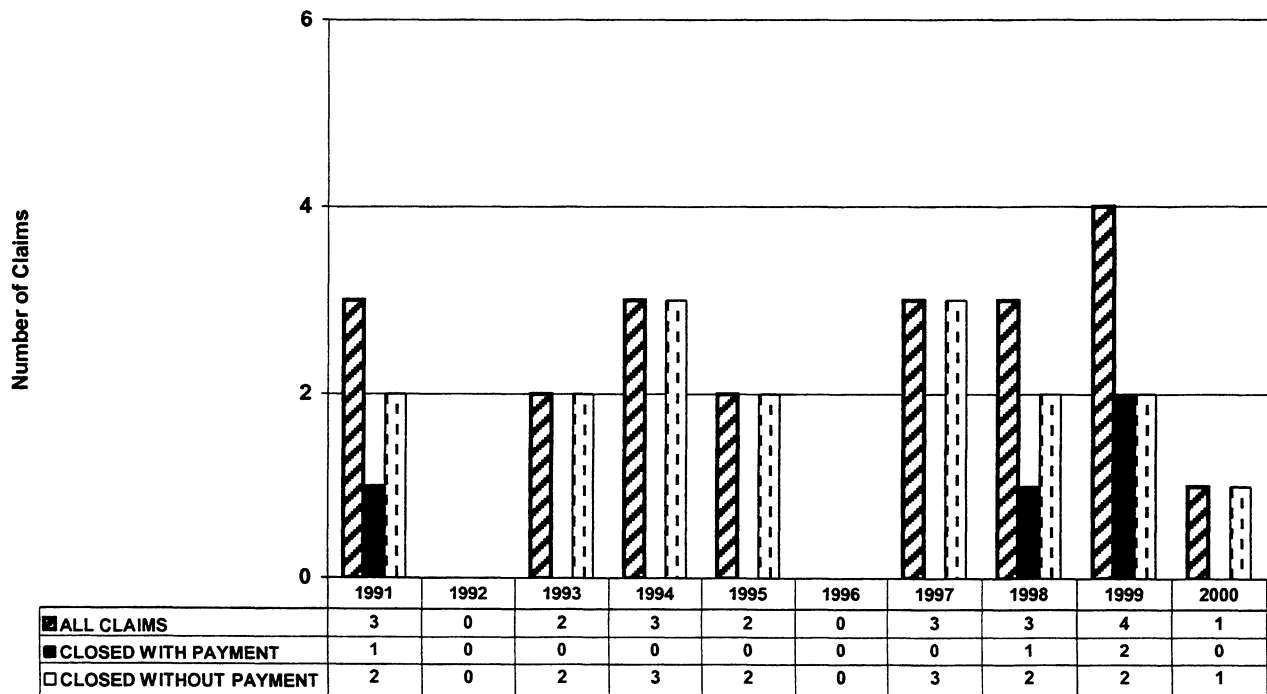


AFTER TRIAL OR HEARING, BEFORE JUDGMENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2000 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**



**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1991 – 2000**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	2,197	545	82.83%	\$124,380	\$67,787,107	88.34%	\$11,586
4 TO 10 YEARS	372	100	15.20%	\$76,600	\$7,659,999	9.98%	\$6,831
UNDER 4 YEARS	93	13	1.98%	\$99,039	\$1,287,510	1.68%	\$3,435
TOTAL	2,662	658	100.00%	\$116,618	\$76,734,616	100.00%	\$10,637

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 2000**

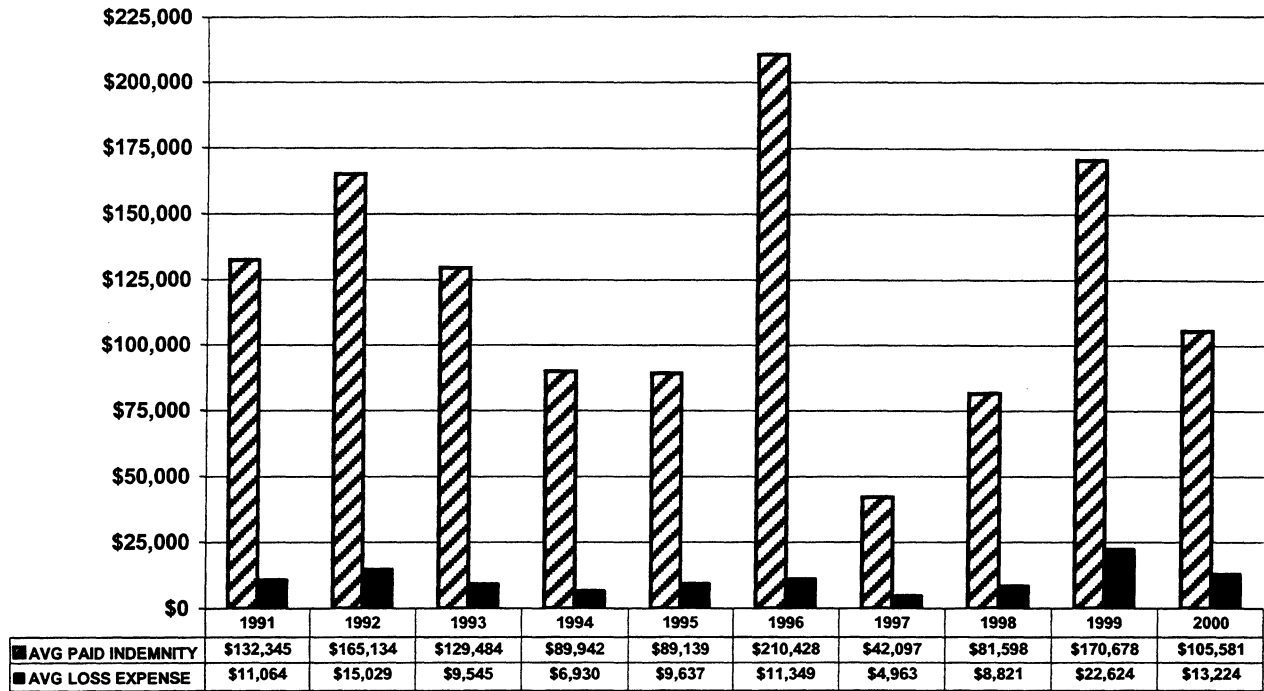
YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	255	62	96.88%	\$105,581	\$6,546,049	99.63%	\$13,224
4 TO 10 YEARS	5	1	1.56%	\$22,500	\$22,500	0.34%	\$8,170
UNDER 4 YEARS	4	1	1.56%	\$2,060	\$2,060	0.03%	\$1,278
TOTAL	264	64	100.00%	\$102,666	\$6,570,609	100.00%	\$12,947

**TRENDS
OF
YEARS ADMITTED TO PRACTICE
FOR 2000**

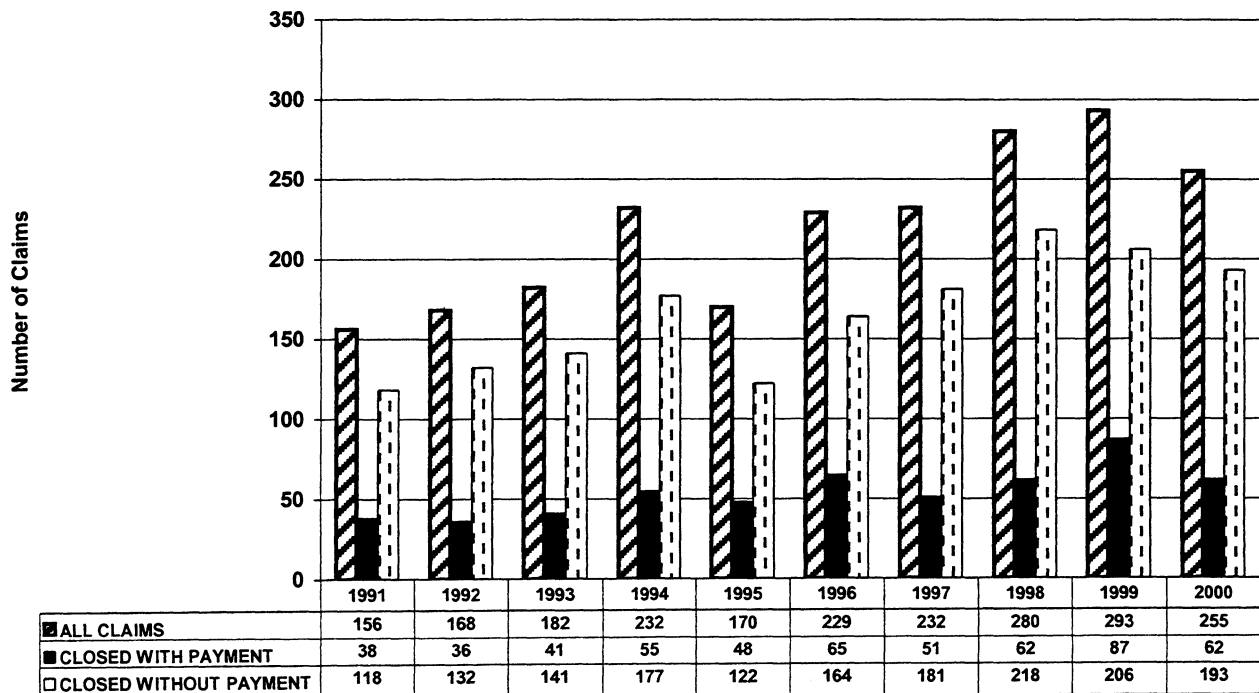


OVER 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

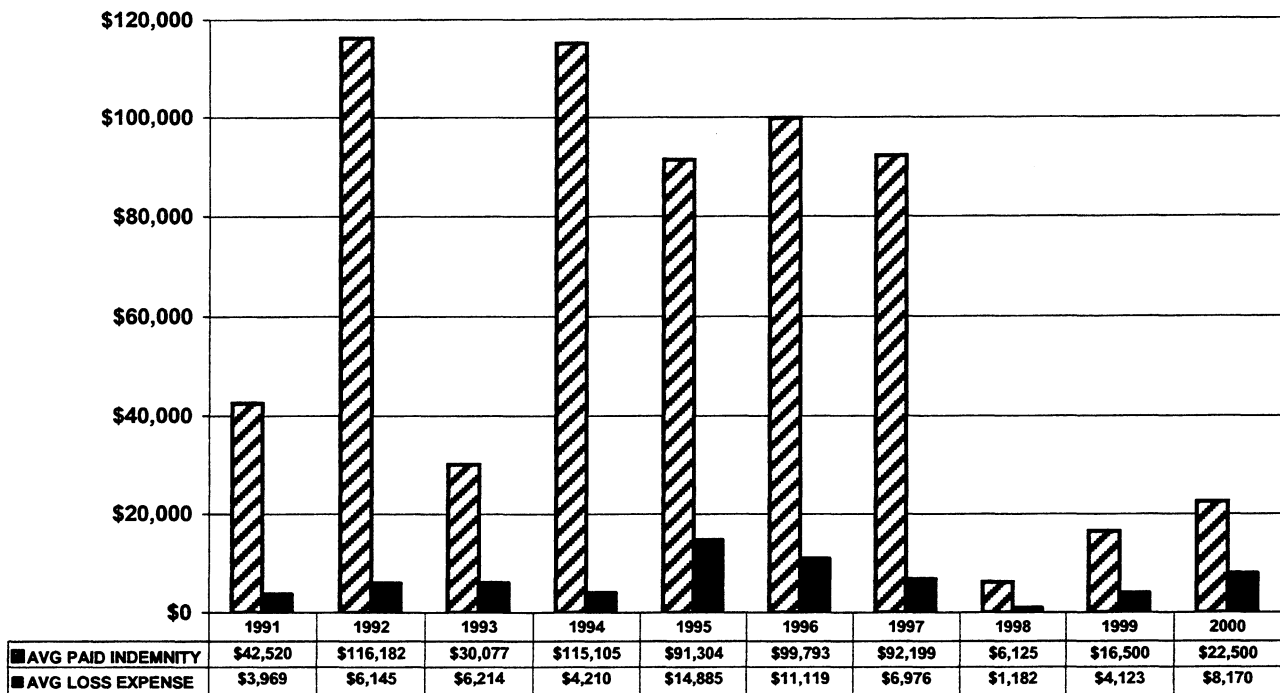


CLAIM COUNT

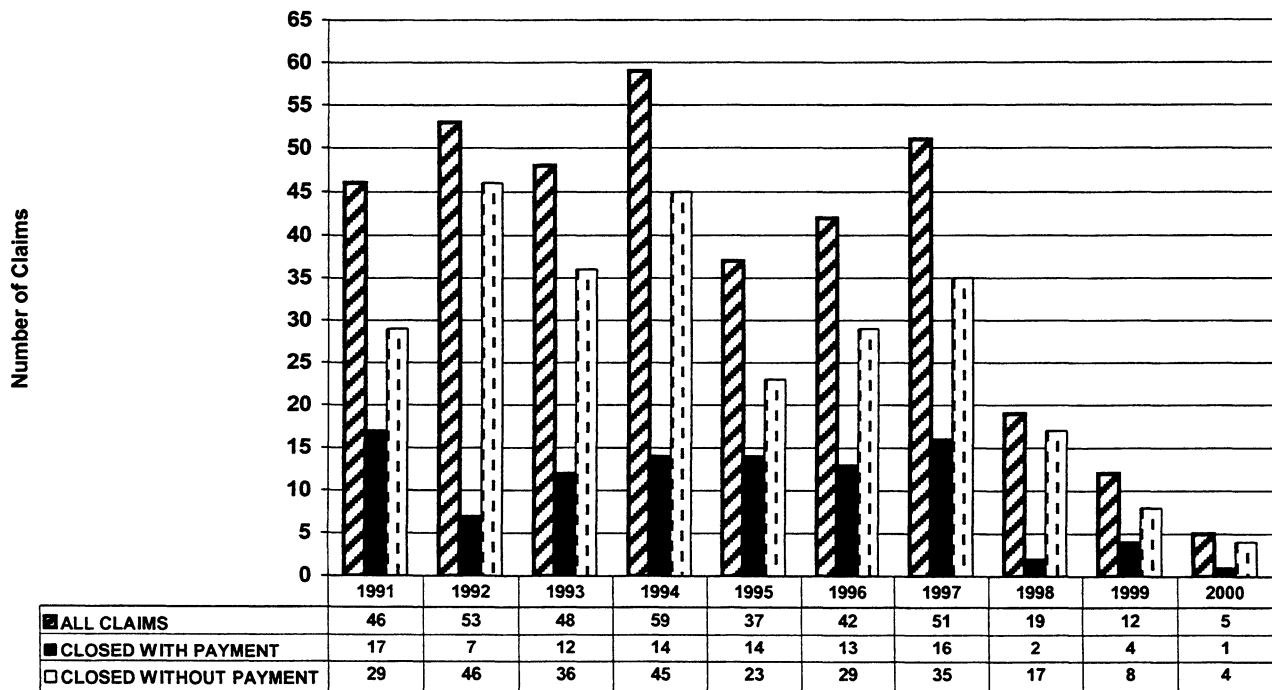


4 TO 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

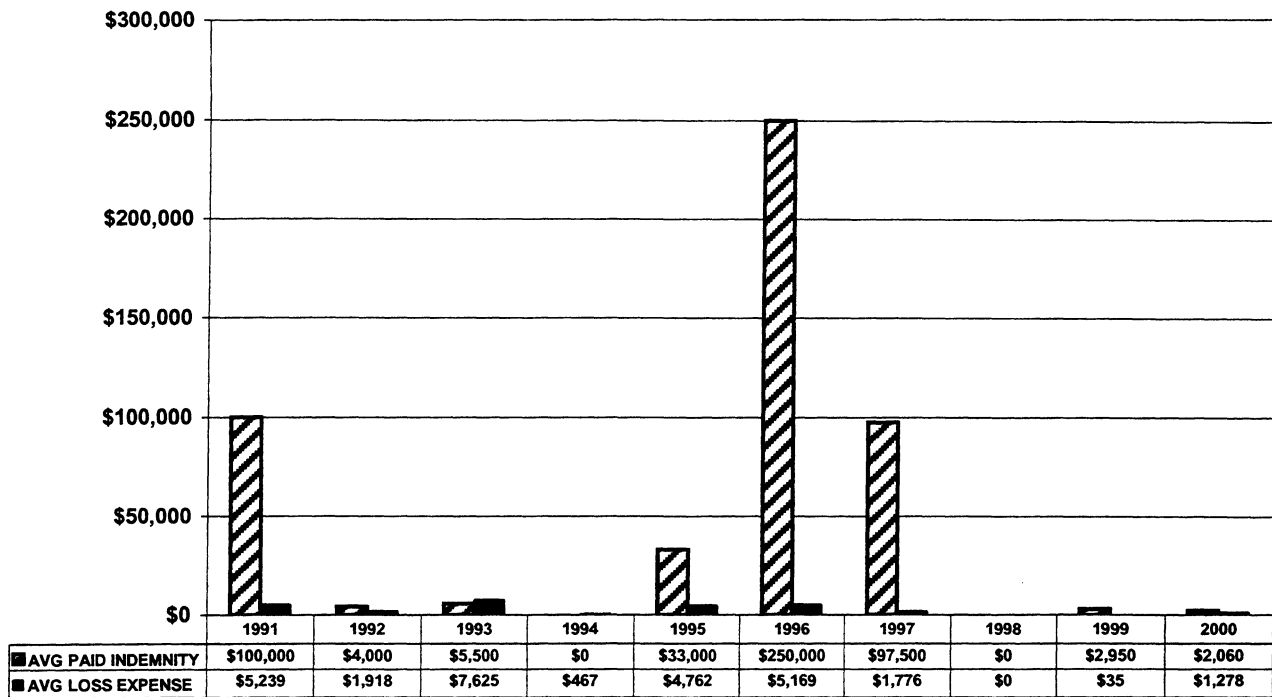


CLAIM COUNT

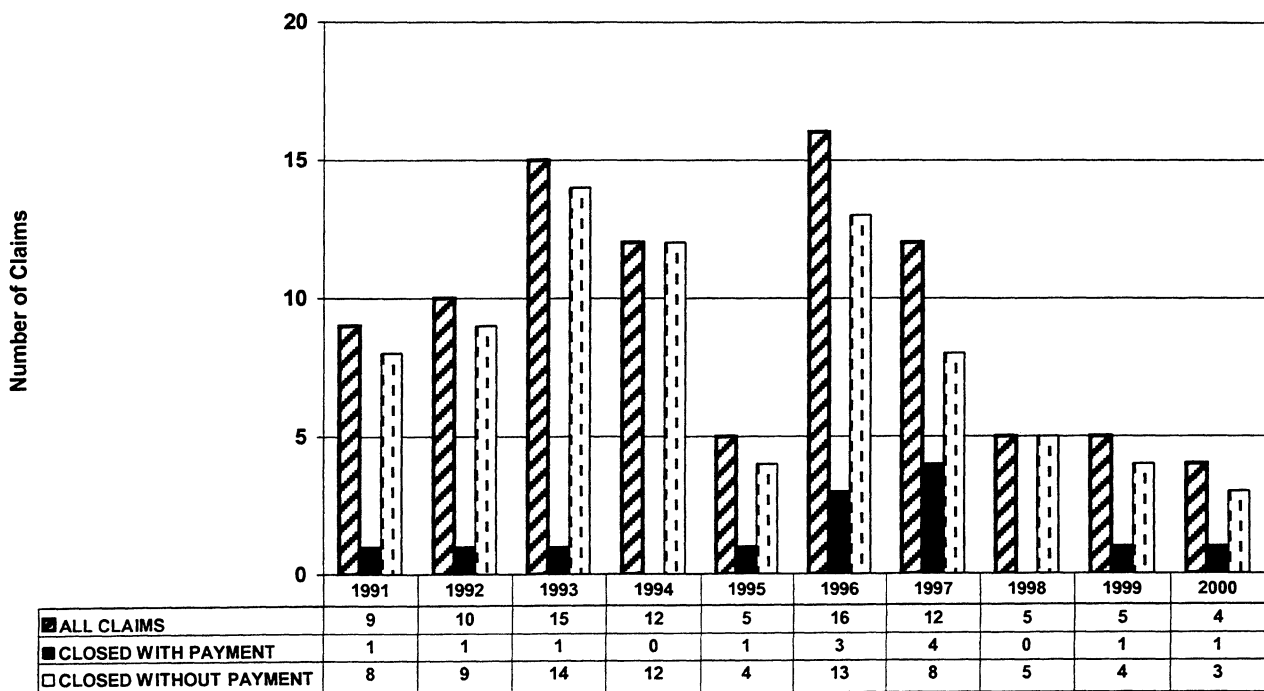


UNDER 4 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT





**TEN YEAR SUMMARY
&
2000 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1991 – 2000

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PRE-PAID LEGAL PLAN	2,071	563	85.56%	\$108,407	\$61,033,069	79.54%	\$9,789
NON-CLIENT	574	90	13.68%	\$173,317	\$15,598,548	20.33%	\$13,457
MEMBER PRE-PAID LEGAL PLAN	10	2	0.30%	\$16,250	\$32,500	0.04%	\$31,386
FREE LEGAL SERVICE	7	3	0.46%	\$23,500	\$70,500	0.09%	\$513
TOTAL	2,662	658	100.00%	\$116,618	\$76,734,616	100.00%	\$10,637

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2000

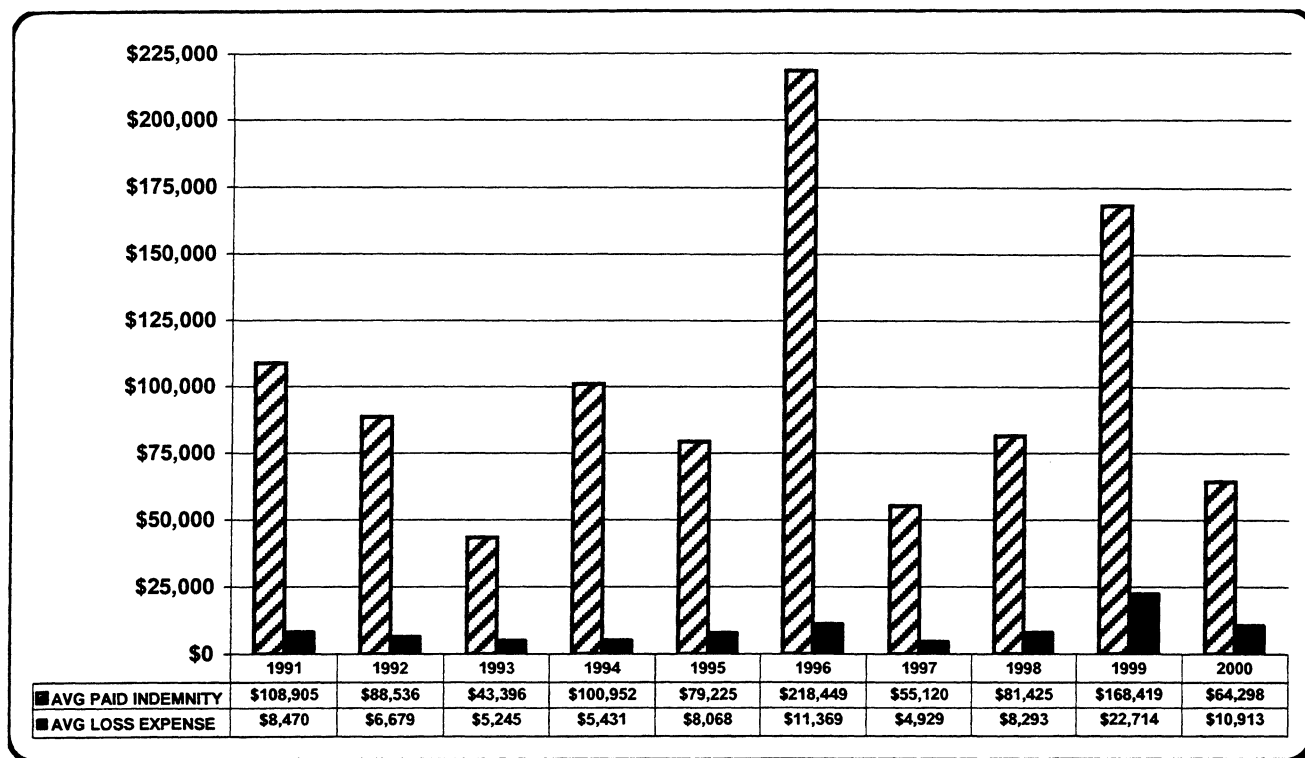
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PRE-PAID LEGAL PLAN	224	58	90.63%	\$64,298	\$3,729,295	56.76%	\$10,913
NON-CLIENT	38	5	7.81%	\$560,163	\$2,800,814	42.63%	\$20,530
FREE LEGAL SERVICE	1	1	1.56%	\$40,500	\$40,500	0.62%	\$2,987
MEMBER PRE-PAID LEGAL PLAN	1	0	0.00%	N/A	\$0	0.00%	\$190,353
TOTAL	264	64	100.00%	\$102,666	\$6,570,609	100.00%	\$12,947

**TRENDS
OF
INSURED/CLAIMANT
RELATIONSHIP
FOR 2000**

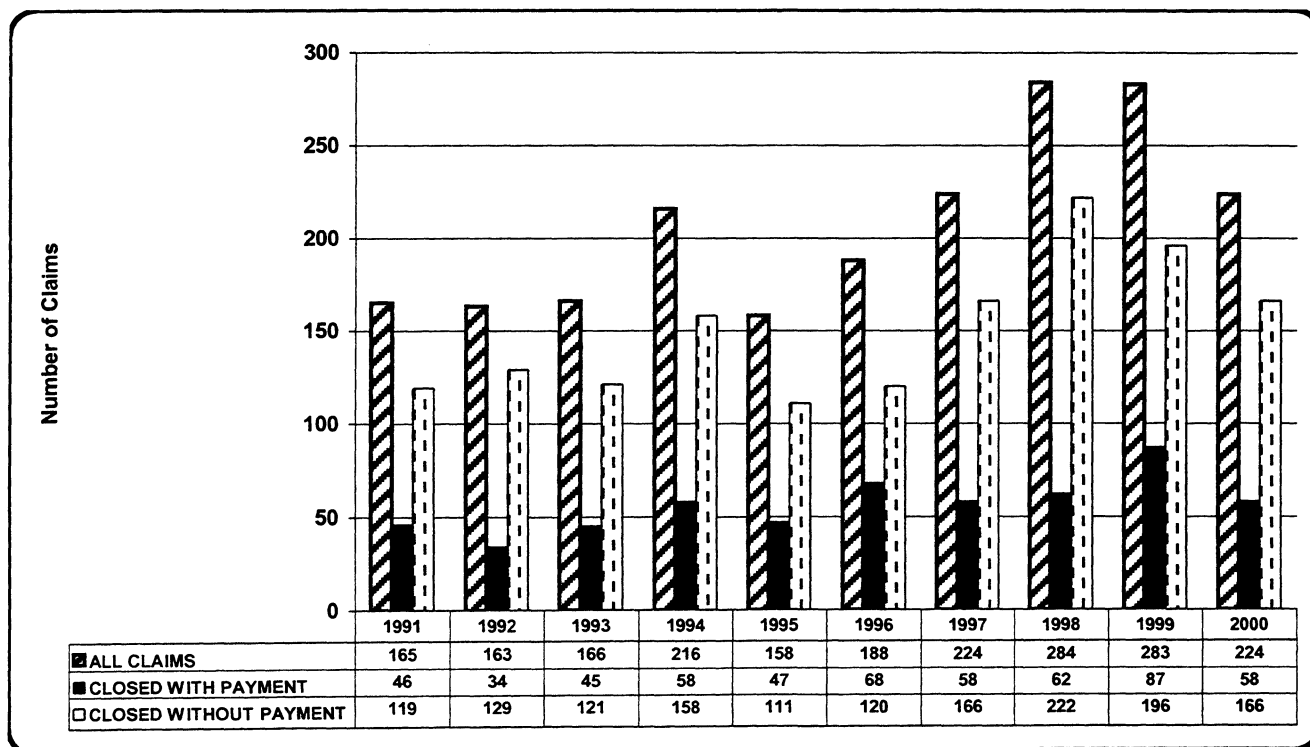


CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

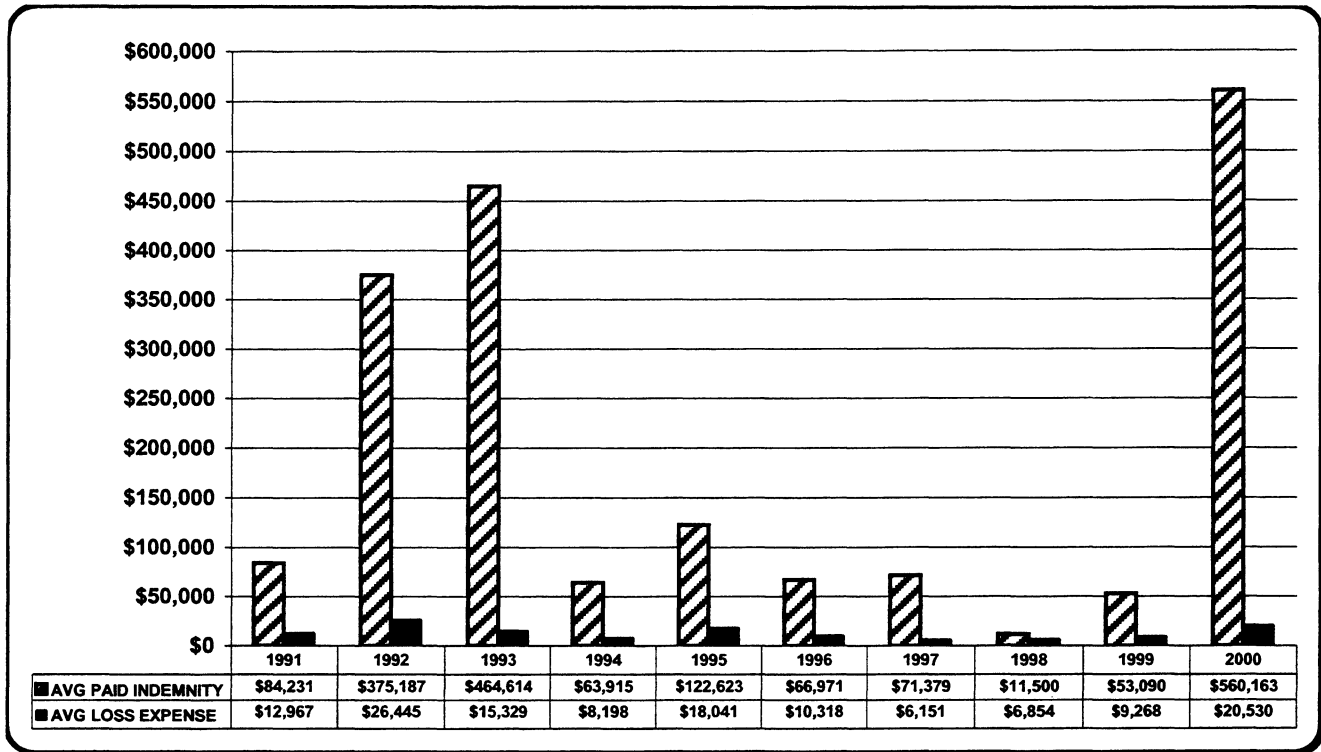


CLAIM COUNT

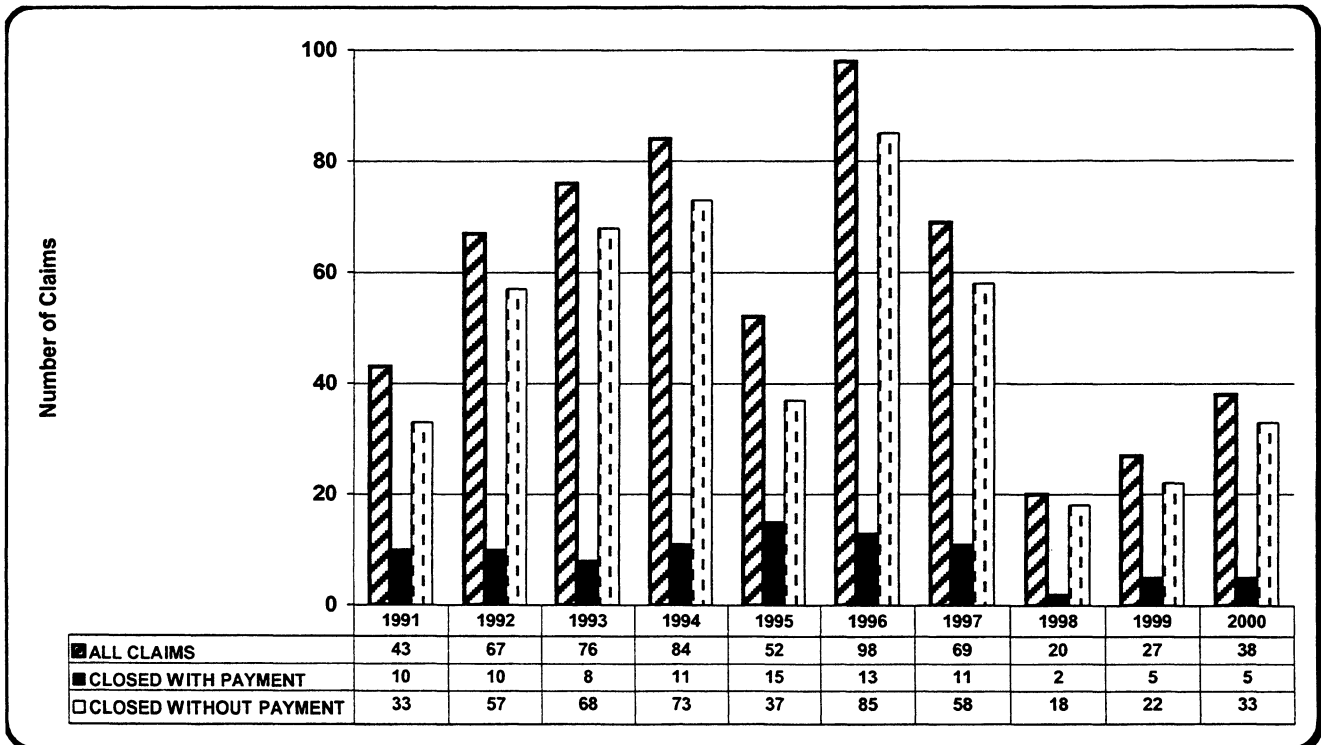


NON-CLIENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

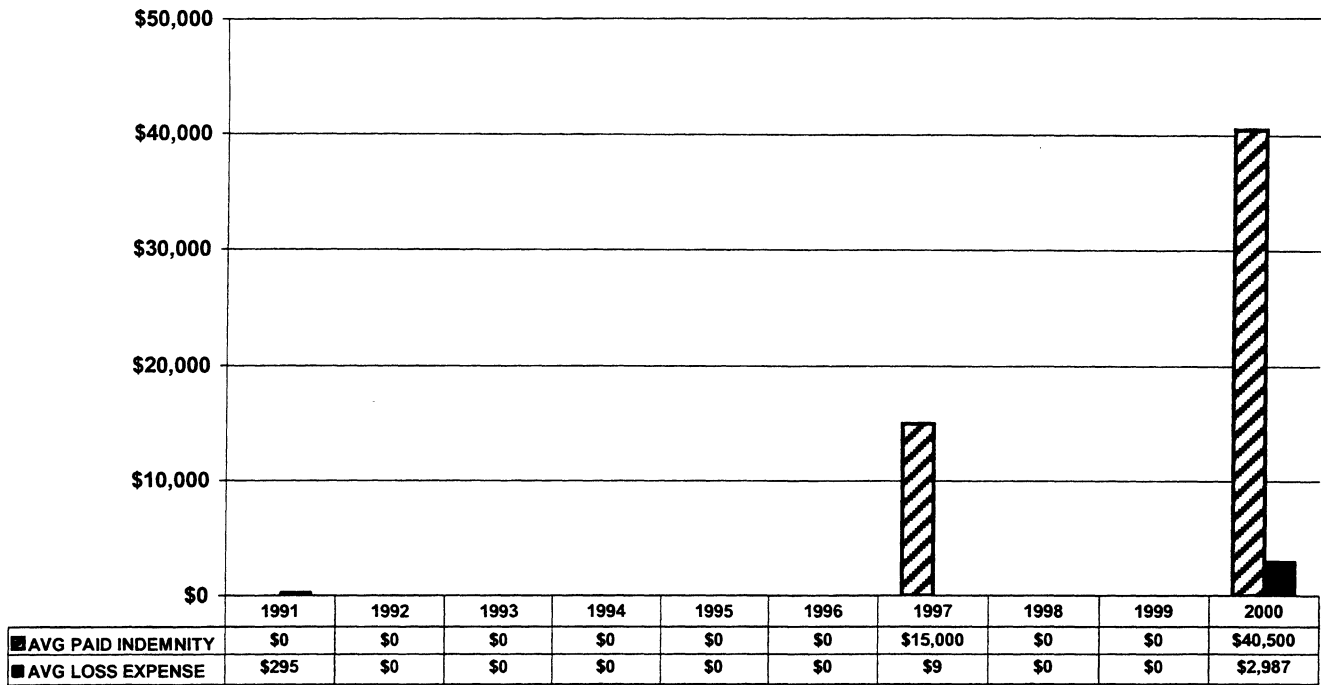


CLAIM COUNT

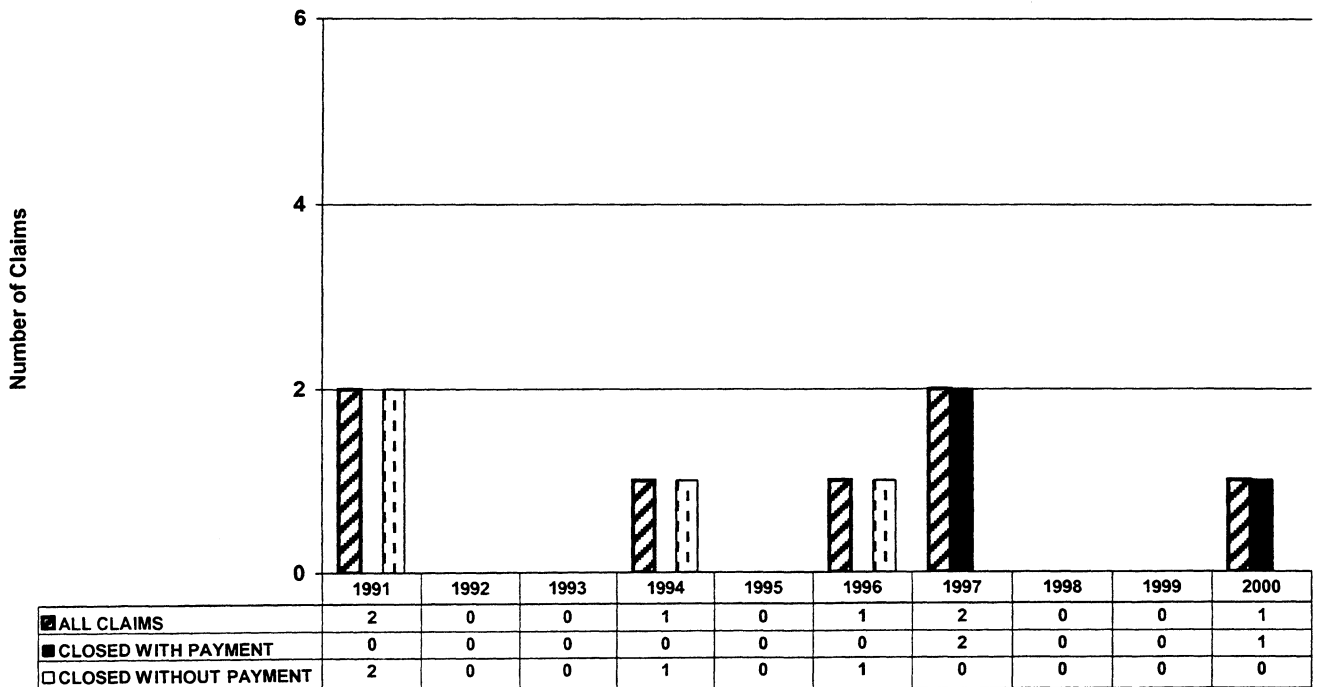


FREE LEGAL SERVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

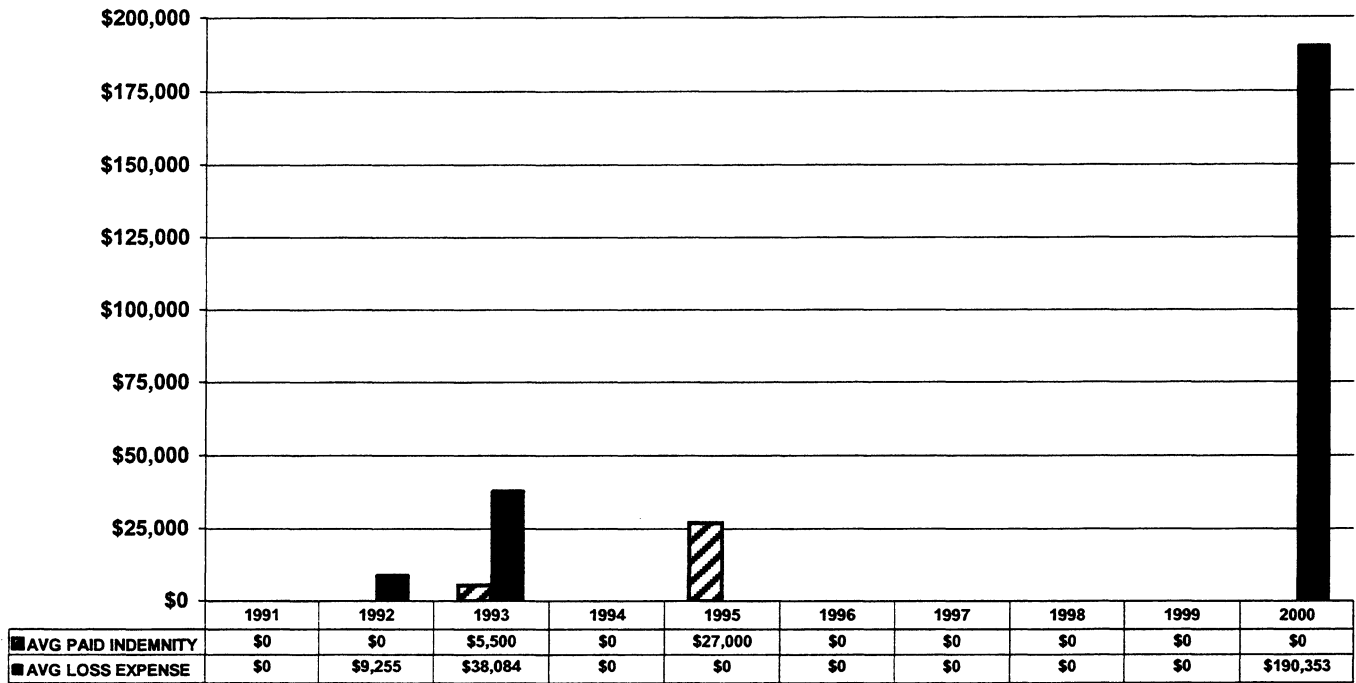


CLAIM COUNT

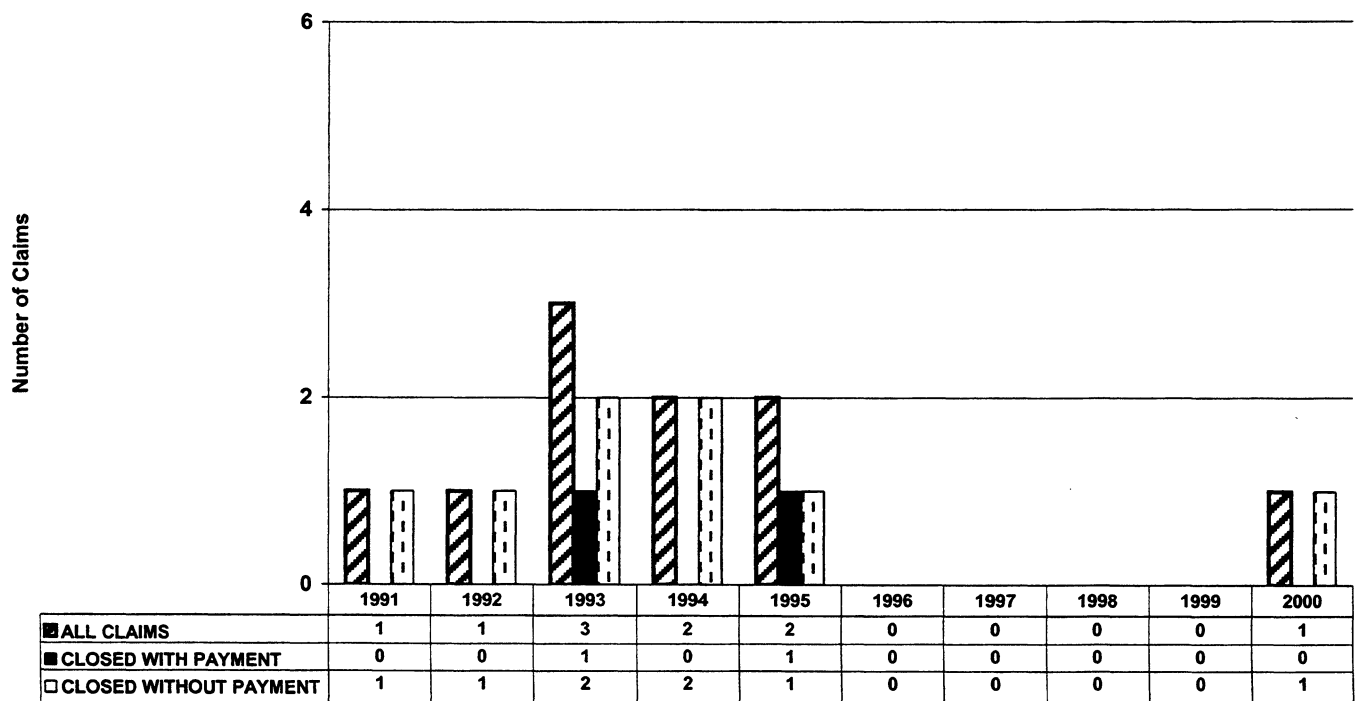


MEMBER PRE-PAID LEGAL PLAN

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**PREMIUM AND
LOSS DATA**



**PAGE 15 SUPPLEMENT
LEGAL MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

2000 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE CO THE	71.10%	\$7,839,850	\$7,957,420	\$557,164	7.00%
10037	INTERLEX INSURANCE COMPANY	17.57%	\$1,937,739	\$1,710,773	\$155,871	9.11%
20443	CONTINENTAL CASUALTY COMPANY	3.98%	\$438,755	-\$787,021	-\$18,241,717	2317.82%
16691	GREAT AMERICAN INSURANCE COMPANY	2.34%	\$258,332	\$312,398	\$147,470	47.21%
24767	ST PAUL FIRE & MARINE INSURANCE CO	1.78%	\$196,617	\$446,412	-\$5,349	-1.20%
22136	GREAT AMERICAN INS CO OF NEW YORK	1.63%	\$179,769	\$132,092	\$33,386	25.27%
19445	NATIONAL UNION FIRE INS CO OF PITTSBURG	1.59%	\$175,733	\$119,426	\$33,534	28.08%
20427	AMERICAN CASUALTY CO OF READING PA	0.00%	\$0	\$20,084	-\$761,452	-3791.34%
20494	TRANSPORTATION INSURANCE COMPANY	0.00%	\$0	\$1,121	-\$212,589	-18964.23%
21083	INTERNATIONAL INSURANCE COMPANY	0.00%	\$0	\$0	-\$31,914	N/A
21318	COREGIS INSURANCE COMPANY	0.00%	\$0	\$0	-\$18,601	N/A
25658	TRAVELERS INDEMNITY COMPANY	0.00%	\$0	\$0	-\$5,000	N/A
26344	GREAT AMERICAN ASSURANCE COMPANY	0.00%	\$0	\$3,050	-\$31,622	-1036.79%
33723	AMERICAN SPIRIT INSURANCE COMPANY	0.00%	\$0	\$0	-\$885	N/A
35270	FIDELITY AND CASUALTY CO OF NY	0.00%	\$0	\$0	\$15,871	N/A
35289	CONTINENTAL INSURANCE COMPANY THE	0.00%	\$0	\$0	-\$115,814	N/A
36781	CENTRIS INSURANCE COMPANY	0.00%	\$0	\$0	\$87,726	N/A
TOTAL		100.00%	\$11,026,795	\$9,915,755	-\$18,393,921	-185.50%

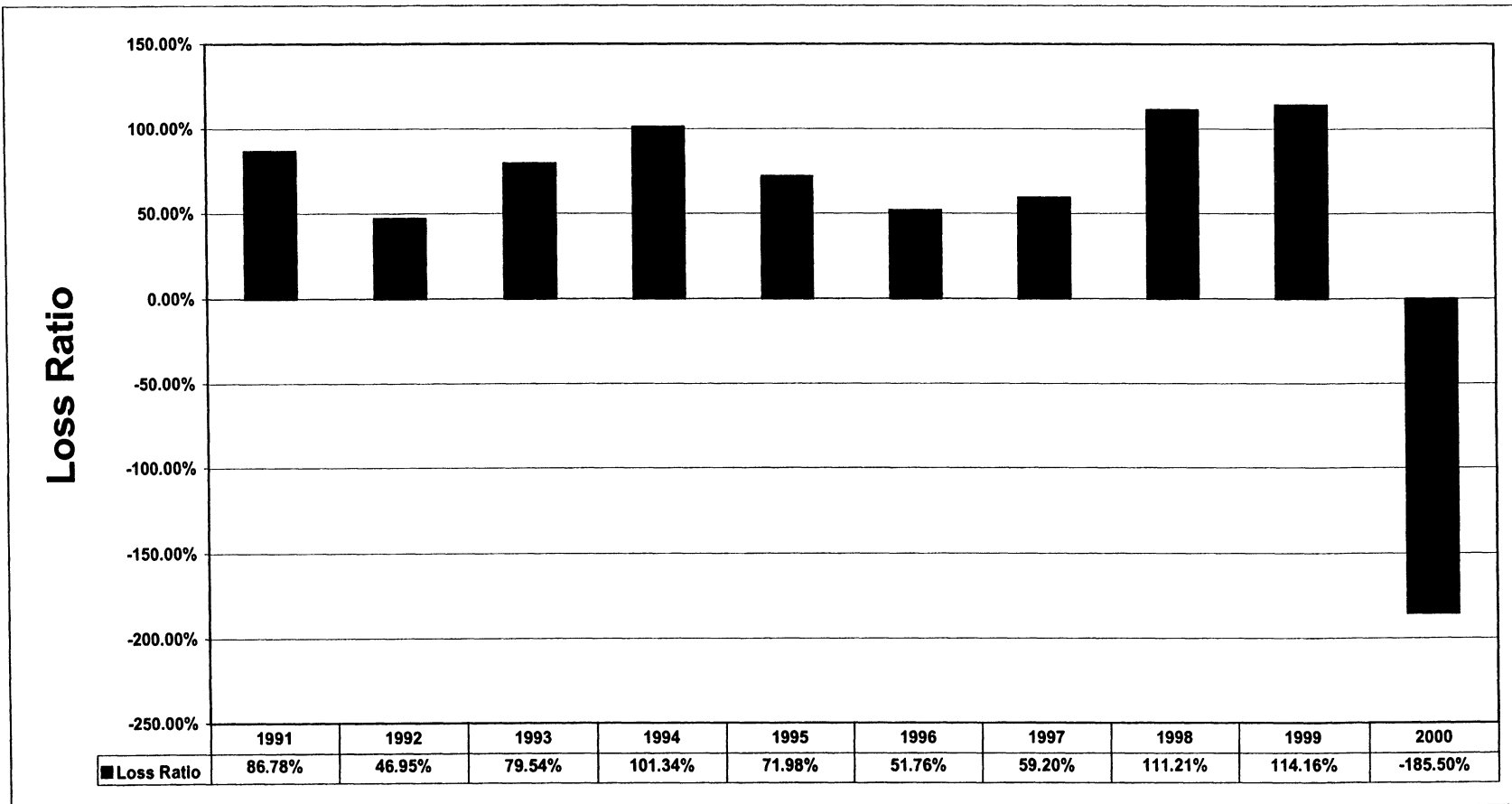
PAGE 15 SUPPLEMENT **LEGAL MALPRACTICE EXPERIENCE**

TEN YEAR SUMMARY

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1991	\$12,851,244	\$12,030,069	\$10,439,781	86.78%
1992	\$12,855,840	\$12,776,523	\$5,998,657	46.95%
1993	\$12,862,384	\$13,214,324	\$10,510,114	79.54%
1994	\$16,489,175	\$15,654,256	\$15,863,938	101.34%
1995	\$15,119,433	\$16,142,706	\$11,619,877	71.98%
1996	\$13,807,557	\$14,103,128	\$7,300,262	51.76%
1997	\$14,580,412	\$13,614,619	\$8,059,195	59.20%
1998	\$12,554,951	\$12,992,850	\$14,448,916	111.21%
1999	\$12,175,030	\$11,697,769	\$13,354,679	114.16%
2000	\$11,026,795	\$9,915,755	-\$18,393,921	-185.50%
10-Year Total	\$134,322,821	\$132,141,999	\$79,201,498	59.94%

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LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY





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